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February 21-March 6, 2022

- GMDC
- WAAREE ENERGIES
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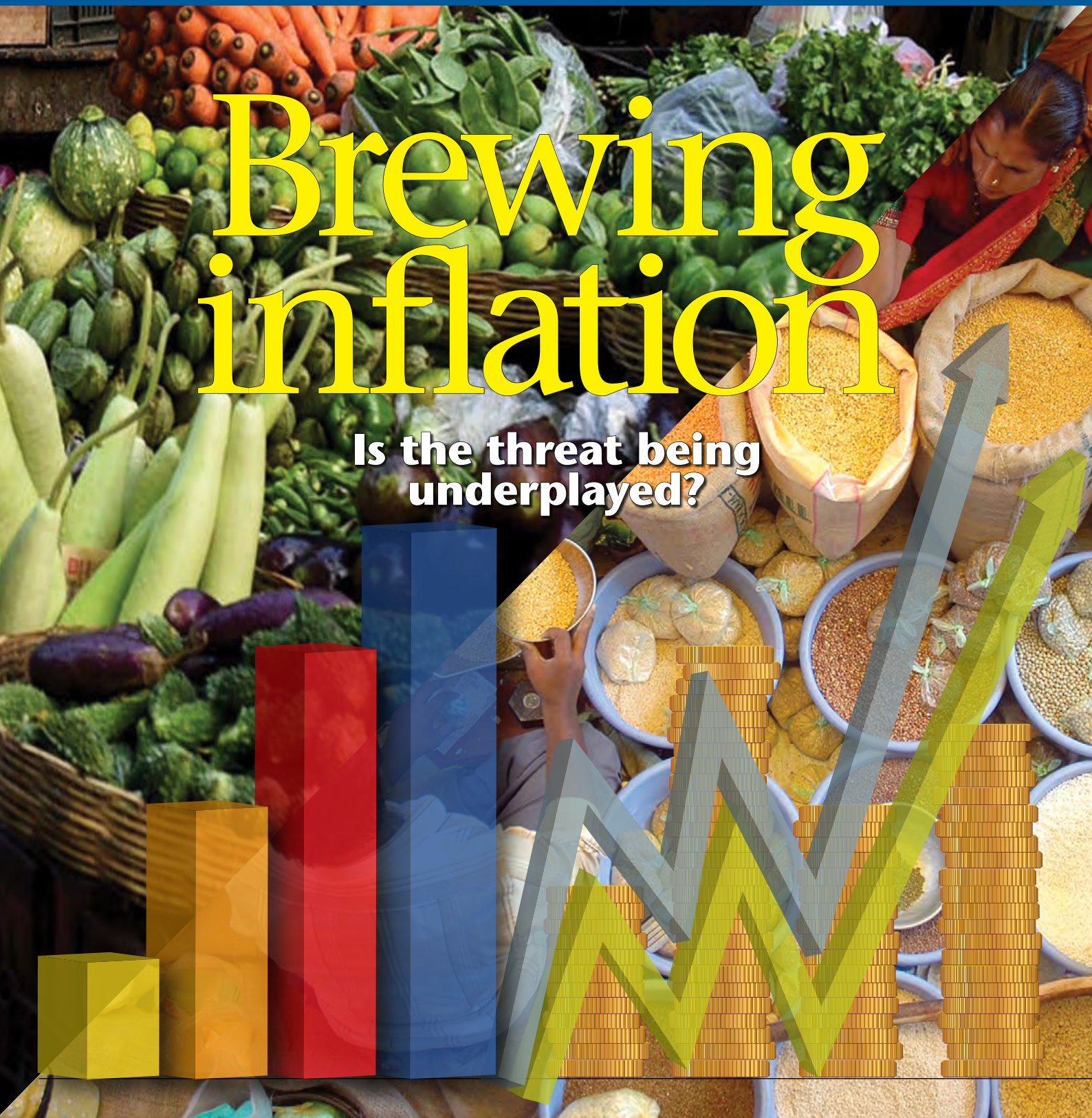
- MOGLIX



Brewing inflation

Is the threat being underplayed?

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Sr. Manager-Sales & Distribution S.S. Kannan (Chennai) 28353964

Editorial & Administration Office: Nirmal, 14th floor, Nariman Point, Mumbai 400021. Tel: 22852943 Fax: 22883940
Email: biedit.mumbai@businessindiagroup.com

Marketing and Advertising: Nirmal, 14th floor, Nariman Point, Mumbai 400021. Tel: 22883938-46 Fax: 22883940
Email: bipladvtg.mumbai@businessindiagroup.com.

Circulation/ Subscription: Mittal Chambers, Office No.94, 9th Floor, Above Yes Bank, Nariman Point, Mumbai 400021. Tel: 22820619/22820348
E-mail: subs@businessindiagroup.com

Bangalore: 27 Wellington Street, Richmond Town, Bangalore 560 025, Tel: 080-22102444, Telefax: 080-22102446

Kolkata: Krishna Villa, 100 Park Street, Kolkata 700017. Tel: 22893359 Telefax: 22878455

Delhi: 268 Masjid Moth, Uday Park, New Delhi 110049, Tel: 011-41643052 / 41643050 / 41640109 / 41086415

Hyderabad: Pent House II, Usha Deluxe Apartments, Motilal Nehru Nagar, Begumpet, Hyderabad 500016 Telefax: 040-66490099

Chennai: Prasad Chambers, III Floor, Flat No. 14, Door No. 97A, Peters Road, Gopalapuram ,Chennai 600 086. Tel: 044 28351703 / 28353964 / 28353394

Kochi: DRA-6, Mahila Samajam Nursery Road, Chaliakkavattom, Dhanya Junction, Vennala P.O. Kochi 682028. M: 9846091797

Lucknow: Sunshine House, 9/11 (M.N.H.S), Sector 9, Vikas Nagar, Lucknow-226022 Tel : 0522-6565222/ M: 09415180290.

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Business India

Over the last few months inflation has become a major area of concern.

While there is general agreement about what is driving prices higher, there is less agreement on what government and the RBI can or should do. Whether interest rates should be raised? If so, how soon and by how much? What would be the impact of rate hikes, and what could be the unintended consequences?

There is no doubt that the global economy is entering into a volatile phase. The US Fed has already signalled that interest rates will be raised twice this year. Normally, such a raise triggers outflows from emerging markets, which weakens their currencies, which in turn triggers inflation. Also, oil prices have swung upwards massively, with no current signs of abating. Again, historically this has pushed up inflation in India. Added to this is the uncertain warlike situation in Ukraine, that has put Europe in a tizzy, with the US naturally drawn in. Such events are beyond our control. And our government and RBI can only take limited steps to minimise the impact. But in the past our governments have taken decisions in panic, only pushing up prices further

What is less widely discussed is the sad reality that successive governments (with both politicians and bureaucrats equally responsible) for many years have blindly pursued regressive policies which have built steady inflation into our economic structure. There are many obvious examples.

Fuel and transport costs are a key determinant of inflation. For many years, petrol and diesel have been taxed to make our fuel about the most expensive in the world. And two years ago, when oil prices reached rock bottom and our economy was battered by Covid, this government, instead of allowing some relief, relentlessly raised taxes. This pushed petrol prices over the ₹100 (per litre) mark! All State governments which also levy extortionate taxes, are equally to blame. Similarly, for years, jet fuel in India, again due to central and state taxes, is about the highest priced in the world, leaving our domestic airlines stunted. And yet it is easy to blame global events for our inflation.

Apart from fuel, the increasing cost of housing (a basic human necessity) is another permanent driver of inflation. Yet all State Governments have outrageous conversion charges. And the RBI, till today bars banks and NBFCs from lending to buy land. This drives builders to borrow at usurious rates, often from dubious sources. This adds hugely to costs, even before construction starts! There are endless examples of such structurally built-in causes for inflation.

Other issues that determine the course of inflation, are also rarely discussed. Globally, higher employment and rising productivity resulted in high growth with low inflation that transformed the West, then Japan and East Asia to rich, developed societies. But we are way behind in raising productivity and employment. Going forward, it is only these factors that can keep inflation sustainably low.

In the short term, external factors like global oil and commodity prices, will cause volatile price movements. But the impact of these can be minimised if we start addressing and rectifying these major structural issues.

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Harvesting productivity

After the farmers' agitation, other states are becoming production turfs, which augur well for Indian agriculture

In the pre-liberalisation era, there was a story which business leaders and economic pundits (not sympathetic to socialism) in the country often used to narrate. If workers in Japan had to get their collective resentment registered with the management, they would not exercise the usual options of strike or unproductive agitation of any kind. On the shop floors, they would rather enhance the production volume by working for hours longer than their schedule. This may well have been a sporadic case, which was passed on to the world as the Japanese excellence vis-a-vis attitude responsible for elevating them to the top global manufacturing rung after complete devastation not so long ago at the end of World War II. Nonetheless, resentment of workers leading to higher production was the perception over which Japan probably had a patent for a long time.

Surprisingly, something similar has happened in India recently. For more than 11 months, we were constantly offered the images of farmers' agitation in and around Delhi and also some other locations in Punjab, Haryana and western Uttar Pradesh against three farm laws which in a nutshell tended to create more markets for agricultural produce. The laws were labelled as draconian and those behind the agitation had called it a historic movement. Under the pressure from the farmer's lobby and the fear of losing some substantial ground in the forthcoming elections particularly in Uttar Pradesh and Punjab, the Union government had finally decided to surrender by withdrawing the laws. The end result was hailed as a great victory by protestors for over 11 months.

Considering the kind of chaotic scenes this agitation had resulted in, many of us may have believed that it would disrupt food grain production in some ways during the course of the year. But the story is just opposite of what conventional wisdom would have suggested. The second advance estimates of production of major crops for 2021-22 released by the Ministry of Agriculture & Farmers Welfare early this week underlines a record production estimated to touch 316.06 million tonnes. It is higher by 5.32 million tonnes than the production of food grain during 2020-21. Further, the production during 2021-22 is higher by 25.35 million tonnes than the previous five years' (2016-17 to 2020-21) average production of food grains.

The estimates for the most critical food grains – rice (128 million tonnes) and wheat (111.32 million tonnes) – underline record production. And a similar pattern has been noticed across other categories like maize, pulses, gram and rapeseed and mustard. How did this happen, especially when farmers from pockets mainly known for their food grain production supremacy were engaged in a fierce battle with the government? Did they take some extra effort to deftly manage and balance their farm activities on schedule and make contribution to an equally crucial year-long agitation, spent mostly in tents under open sky at Delhi borders? There aren't easy answers.

On a more serious note, the contrarian pattern sends some strong signals, which can't be ignored. Somewhere, it validates the theory that this agitation was not purely driven by farmers, but rather by traders and other vested interests. Traders, who have traditionally been in command of mandis and their operations in the rural pockets, in particular were to receive the wrong end of the stick (farm laws) and, therefore, they were alleged to be in the forefront of these protests. Secondly, the bumper production proves the point that the agitation clearly lacked a national character. Had it been effective, the agitation would have at least made some dent in some pockets. But it was business as usual in all agri-belts.

Lastly and most importantly, it does strongly indicate that in states like Punjab, there aren't enough employment avenues in the non-agriculture sector. As the year demonstrated, the production in states like Punjab remained robust despite a sizeable chunk of its farmers engaged in agitation against the Central government away from their fields. It simply means the agriculture activities can be managed by a smaller chunk of the working population in the state, while other employment avenues need to evolve to engage those who go in the name of farmers without any productive engagement. Probably, this is a serious gap, which the new government in Punjab will have to fill expeditiously. Harvesting productivity in some new ways would certainly be a key challenge. As far as Indian agriculture goes, the bumper pattern has reinforced the point that it is taking a new trajectory with farmers in general batting for production enhancement and crop diversifiation. Some other states in North India and elsewhere are increasingly becoming formidable production turfs, which augur well for Indian agriculture. ◆

For a new lease of life

Tea industry pushes for minimum floor price

Indian tea industry is facing several challenges due to climate changes, age of the plantations, declining soil fertility, input cost escalation, lack of quality crops, high labour cost and surplus production. All these factors have led to high unsustainable cost of production for tea.

The situation is grim. The current cost of production and the fall in price of tea have left the industry in distress. Earlier, the ASSOCHAM and ICRA report had suggested that, for the long-term sustainability of the industry, tea prices must consistently remain materially higher than the cost of production. Therefore, the industry should undertake several measures to ensure profitability of bulk tea players on a sustainable basis. This would include ramping up of exports not just to the traditional markets, but some of the potential new markets too. However, the competition from Kenya and Sri Lanka has been more intense than before during the last few decades. Incidentally, the Tea Board has stopped several subsidies and expects tea industry to stand on its own feet.

Recently, Indian Tea Association (ITA), the apex planters' body, has proposed a minimum floor price for processed tea and green tea leaf to make the tea plantation sustainable. ITA is preparing a report for the commerce ministry to seek the government's nod to implement the proposal. The association has engaged consultancy Ernst & Young and legal firm Khaitan & Co to find out a floor price below which tea cannot be sold in the domestic market. It is planning to submit the report within a few weeks, which will then be taken up by ITA with the commerce ministry for fixing the floor price. An initial draft has already been shared with the minister for commerce.

"There has to be a minimum floor price below which tea cannot be sold in India," explained Vivek Goenka, outgoing chairman, ITA, at the association's 138th annual general meeting. "The price will be based on the cost of production and linked to the quality of the tea". The industry is rightly in a hurry to fix the floor price before April so that it can take advantage of the new tea season.

Today, 50 per cent of teas are selling below the cost of production of the organised sector. While the cost of production is said to be in the region of Rs200-220 a kg, in Assam or in Bengal's Dooars/ Terai, half of the tea is sold below ₹200 a kg in the auction. Average auction prices, if adjusted to inflation, have fallen between 2012 and 2020, despite costs going up. Input costs have increased by 9-12 per cent CAGR, outpacing the growth in prices. The industry cannot survive in such a scenario. Therefore, the push for floor price is a significant move by the industry on the back of the stagnant tea prices, amidst rapid production by small tea growers and falling export.

Small growers produce 50 per cent of India's tea now, which hardly conforms to quality parameters. Small tea growers have been ignoring the Tea Act since the mid 1980s. The main objective of the act was to regulate supply of tea in a highly supply-sensitive market. By undermining the Tea Act, the concerned state governments have ruined the livelihood of a million or more tea workers.

The minimum floor price should not be confused with the minimum support price (MSP), argues ITA. Unlike the MSP, this proposal does not require any financial outlay from the state or Central governments. Since small tea growers contribute over 50 per cent of the production, a floor price will force small growers to adhere to good agricultural practices and sustain operations.

The proposal comes at a time when the Tea Board of India has launched a new auction format, 'Bharat Auctions' at the beginning of this year. This new auction model is to aim for better price discovery, lower transaction cost and ensuring the quality of tea sold through the system. South India already adopted this new auction system and expected to be rolled out in other auction centres as well.

Tea industry is labour-intensive, which requires providing several social benefits other than the wages under the act. Labour cost constitutes almost 60 per cent of the total cost of tea production. The government should share the burden to make tea sector competitive. "Mitigation of the high cost of production through the take-over of social welfare amenities through government schemes, as envisaged in the occupational safety, health and working conditions code, is a necessity for the future," contended Goenka.

The need of the hour is a true sustainable model for this highly labour-intensive industry. Efforts should now be to increase demand and ensure that the substandard teas are weeded out from the system. ◆

Blow hot, blow cold

Despite the political stand-off, India-China bilateral trade soars

Even though India and China have been at loggerheads politically and diplomatically, bilateral trade between the two nations has been on the ascendant. The trade has increased by 43 per cent and reached $125.7 billion in 2021. This was the first time that trade crossed the $100 billion mark. Imports to India from China stood at $97.5 billion, while exports were worth $28.1 billion. Both have been the highest ever so far.

India's dependence on China for finished goods has been on the rise, despite the initial anti-China sentiment at the onset of the pandemic. India's largest segments of imports include electrical and mechanical machinery, chemicals used by industries, active pharmaceutical ingredients, auto components and since the Covid-19 pandemic a large amount of medical supplies. For finished goods the import of integrated circuits increased by a whopping 147 per cent, laptops and computers soared by a 77 per cent and oxygen concentrators registered a four-fold jump. Imports of some chemicals like acetic acid too went up eight fold.

It's not just imports, exports too have registered a growth of more than 50 per cent in the last two years. These are mostly of raw materials such as ores, as well as cotton and seafood. During the past five years the trade deficit between the two Asian giants has widened and grown from $51.8 billion to $69.4 billion in 2021. So this means that the two countries, irrespective of being at loggerheads politically, can't lose out on bilateral trade.

Recently, India banned 54 Chinese apps over security concerns and this didn't go down well with the Chinese authorities. The Chinese Commerce Ministry's spokesperson Gao Feng said that the economic and trade cooperation between the two countries has strong resilience and great potential. It is hoped that the Indian side can take concrete measures to maintain the sound development momentum of bilateral economic and trade cooperation to benefit the two countries. This clearly indicates that the Middle Kingdom too doesn't want to lose out on its market share in India.

China's Ministry of Commerce has urged India to improve its business environment and treat all foreign investors, including Chinese companies, in a fair, transparent and non-discriminatory manner. It is also learnt that income tax authorities have conducted searches at the premises of Chinese companies in India, including telecom giant Huawei. Gao also said that they are concerned about the investment environment in India and their investments have created a large number of employment opportunities in India.

Earlier, in June 2020, the Indian government had banned 59 apps with Chinese links including the widely popular TikTk and UC Browser, saying they were prejudicial to sovereignty, integrity and security of the country. This ban followed the Chinese aggression against India in Ladakh. Thereafter, the government banned 47 more Chinese apps that were clones and variants of the apps blocked earlier. In September the same year, the government blocked 118 more mobile applications, including gaming app PUBG. More than 200 apps remained banned and Chinese firms have been kept out of 5G trials so far.

Even though the trade pattern isn't likely to change in the near future, India is considering a long-term plan to reduce some of their import dependence on China. Options are to either manufacture some of these products in India or to look for other markets. The tension around the Indo-China border – Ladakh and Arunachal Pradesh – is one of the main reasons for India not being able to trust China.

India has raised these issues at various international forums including at the recently held foreign ministers meeting of Quad held in Melbourne. China has issued denials. India had recently announced that its top diplomat in Beijing would skip the opening and closing ceremony of Winter Olympics as PLA's regiment commander involved in the clash with Indian troops at Galwan Valley (July 2020) Qi Fabao was made the torchbearer of the event.

Recently, India's External Affairs Minister, S. Jaishankar, while speaking on India's relations with South-East Asian countries during the Munich Security Conference had said that China had violated the agreement of not to bring military forces to the Line of Actual Control. For 45 years there was peace and there was stable border management, there were no military casualties on the border. That is changed. There were agreements with China not to bring the military forces to the Line of Actual Control and the Chinese violated those agreements.

India China relations are going through a difficult phase. Even though the trade between the two is likely to grow, there is a need for thaw in the political relations. Unitl that happens, India is not going to give in to the Hindi-Chini bhai bhai stance again! ◆

Monetisation continues

Ashoka Buildcon Ltd (ABL), a listed entity under the aegis of Ashok Katariya is on a monetisation mode. Discussions are at an advanced stage for the Jaora-Nayagaon BOT-toll and Chennai ORR BOT annuity. The management expects to sign share-purchase agreements by end-FY22. Total equity (including sub-debt) invested (including the partner's share) in these two projects was pegged at ₹720 crore; ₹299 crore for Jaoara-Nayagaon and ₹4.3 billion for the Chennai ORR. The third-party debt for the two entities is ₹1,040 crore billion (Jaora-Nayagaon – ₹190 crore, Chennai, the rest). In fact, ABL holds an approximately 75 per cent stake in Jaora-Nayagaon; the balance is held by Macquarie-SBI. The Chennai ORR is owned equally by ABL and GVR. ABL is also monetising its hybrid annuity. Three of the portfolios of ten hybrid annuity assets are already operational, and management expects three more to come into operation sooner rather than later. To monetise the hybrid annuity assets, management, besides outright transactions with prospective suitors, is also open to looking at the InvIT route. The healthy prospect pipeline keeps management optimistic about the period beyond Q4. It has already bid for road projects of ₹9,000 crore; the outcomes are awaited.

New capacity

Historically, Ambuja Cement lagged behind its peers in term of capacity additions. This resulted in lower volume uptick compared to the industry during 2011 to 2020, hence it kept on losing market. Now, according to a source, the management aims for 50 TPA capacity in the near term and has laid down capacity expansion plans anticipating a sustained demand scenario. Ambuja's newly announced capacity addition in the east (clinker of 3.2 TPA at Chhattisgarh, 3 TPA at Bihar and 1.6 TPA each at Sankrail and Farakka, WB) along with ongoing expansion at Ropar, Punjab of 1.5 TPA, would lead to 40 TPA (plus 24 per cent of current capacity) and improves market presence. The upcoming new capacity will lead the operating efficiency and cost improvement program. The cash present on the balance sheet is good enough for funding its future capex.

Butterfly flying high

Tamil Nadu based Butterfly Gandhimati Appliances (marketcap ₹2,300 crore) has been in the news lately. Better known through its brand name Butterfly, the company manufactures brown goods including cookers, kitchen appliances and steel bodied vacuum flasks. There are rumours that Reliance PE, which had taken a stake sometime in FY2016, may be looking at exiting the company. This is one of the reasons for the heightened interest in the company. The share price has moved by more than 25 per cent since 1 January. It was quoted at around ₹1,300 on 18 February.

New geographies

Recently, Kalpataru Power Transmission Ltd (KPTL) approved the merger of JMC Project (subsidiary) with KPTL (all equity merger) in 4:1 ratio, expected to be completed by Q4FY23. This merger will create one of India's largest EPC companies with a global footprint that caters to various sectors such as power transmission, building & factories (B&F), railways, oil & gas, water, urban infra and heavy civil. According to a source, the order book of the combined entity including L1 stands strong at ₹37,000 crore as on Q3FY22 of which T&D accounts for 24 per cent, B&F 30 per cent, railways 10 per cent, O&G 6 per cent and water 30 per cent. It is believed the merger will benefit cost rationalisation, strengthen the balance sheet, and will help in the bidding of large size orders and expanding the non-T&D segment in the international market. The merger will enhance KPTL's portfolio, while JMC will be able to leverage KPTL's expertise, global business access and financial flexibility to expand the business and bid for large-size infrastructure projects. With a presence in over 65 countries, and backed by JMC's proven civil business capability, it can now look at new geographies, going forward.

@home turns profit

Nilkamal Plastics plans to continue to invest in product development and manufacturing abilities and has planned a ₹100 crore capex. This includes getting into non-plastic furniture. On its entry into new businesses in non-plastic furniture, mattresses, bubble-guard sheets, it is exploring further options to add business verticals and a revenue stream. Its '@home' did not lead to the desired result and is now bringing in small profits (from losses earlier). It is now looking at a market share enhancement from the informal sector, greater focus on non-plastic furniture and online sales, rising industrial activity and a deeper penetration in e-commerce. ◆

A staggering number of 1.16 million cyber attacks have been reported in India in 2021 alone, informs **Sudesh Kumar**, founder & CEO of the seven-year-old US-based cyber security firm **Kapalya, Inc**. "With the computer systems of giants like Air India, Airtel and BigBasket having been hacked into, the personal and financial information of millions of customers worldwide have been compromised," he says. "Indian firms paid an average $500,000 to cyber-criminals as ransom during the year, and every organisation is concerned about ransomware." Explaining that this is not just about money, but also about saving innocent lives, he recalls that, in one incident in the US, patients died when the hospital's systems were breached with ransomware and doctors could not promptly administer medication. Kapalya has just entered India with an office in Bengaluru after a successful crowd-funding campaign in the US. The only company that has partnered with the US government's leading digital surveillance organisation for its counter-ransomware solution Advanced Ransomware Countermeasures (ARC), Kapalya is developing ARC in collaboration with the National Security Agency (NSA) with grants by the National Science Foundation (NSF) and the state of Hawaii. "The bigger the target, the more the victim is likely to pay," Kumar says, adding: "Our prime objective here is to help enterprises and governments to inoculate against these attacks." ◆

Founded in early 2021, **MoEVing**, a technology platform company with a vision to transform the EV ecosystem. Their current product offering on the demand side, provides solutions to top e-commerce, e-grocery, FMCG, logistics and D2C companies to optimise their logistics costs and meet their goals of reducing carbon emissions. "MoEVing is India's largest full-stack electric mobility platform, agnostic across OEMs, vehicle types and charging technologies. MoEVing is disrupting mobility by building a driver-centric platform that offers the whole electric vehicle ecosystem, including delivery, charging, financing and analytics solutions, thereby making EV adoption a seamless process. Our work is further catalysed by favourable policy push from the Centre, as also the state government of Delhi and several other state governments, creating the right environment for EV adoption. As a result, we believe, the last mile delivery space will be fully electrified by 2025. Electrification of the fleet requires fundamental changes in the operational approach, including routing algorithms, charging solutions and financing solutions. We are present in 10 cities across eight states in India, with 750+ two- and three-wheelers and over 300+ operational charging points," says **Vikash Mishra**, founder, MoEVing. ◆

Ashwin Bhandari, a professional business leader working across the South-East Asian market on new-edge technologies, has been delivering products across the South-East Asian continent for over 15 years. He has a proven track record of successfully growing start-ups. Technology and innovation are passions for Bhandari and his team and they, at **iVOOMi** innovations, have been developing technology products for over a decade, always developing core technology products. Having stayed in China for a decade, Bhandari has experienced the transformation of the traditional to new generation mobility, from zero to booming all over Shenzhen, China (South China), in a span of four years. Starting since 2019, the team has extensively worked on the development of the battery pack and electric

two-wheeler products for Indian consumers. The iVOOMi team has worked relentlessly to create a unique, latest yet 'Made in India' scooter and battery pack. iVOOMi is happy to announce its achievement of developing two 'Make in India' products ready to go to the market.

As part of its various *azadi ka amrit mahotsav* celebrations, **Indian Bank** has sponsored an emergency response ambulance to Shri Atal Bihari Vajpayee Medical College & Research Institute, Bengaluru, under its CSR. On behalf of the bank, **S.L. Jain**, its MD & CEO, handed over the keys of the ambulance to **Manoj Kumar H.V.**, dean & director, Shri Atal Bihari Vajpayee Medical College & Research Institute. In his address, Kumar emphasised the need to widen the accessibility of health infrastructure to tackle any eventuality arising from the Covid-19 variants. He stated further that Indian Bank has always been at the forefront to support the needy sections of the society as part of its CSR activities. "As a responsible corporate citizen, it is our moral duty to ensure that the bank contributes meaningfully to all initiatives protecting the interest of the society. The importance of health cannot be appreciated more than in the present day and time when, during the last two years, establishments across the globe have faced several challenges in providing timely and quality healthcare to its people." In its continued efforts to strengthen ambulance support at various hospitals pan-India, the bank has supported hospitals in Patna, Meerut and Lucknow, apart from Bengaluru, with ambulances. ◆

Bora Multicorp, a Maharasthra-based conglomerate active in mobility solutions, distribution, real estate and international trading of premier electronic goods and accessories, has offices in five countries and is now identifying young talent and opportunities in the booming e-commerce industry of India, Europe and the US. **Prashant Bora**, CMD, Bora Multicorp, is an ICT alumni, who started his business career at the age of 24 years and built a multi-corp with a turnover of more than ₹1,000 crore+ annually. "D2C being the new buzzword now, it is imperative to participate and support the growing e-commerce industry in our country," says Bora. "Our idea is to get the best talent on board and create a seamless value-driven experience for end consumers, enhancing exports to Europe and America." As president, MEIMEA (Mobile Electronics Indian Merchant Exporters' Association), he sheds light on their soon-to-be-launched e-commerce ventures. "A lot of poor quality products have entered the industry and I too have been a victim. We want to change this: our countrymen deserve good quality, value-driven products. We will venture into jewellery, sporting goods, toys, home decor and some innovative products in 2022-23." ◆

Indian Oil has ramped up electric vehicle infrastructure, hitting a milestone of 1,000 electric vehicle charging stations (EVCS) across the country. This network provides a seamless charging experience for EV users in India's quest for green mobility. In its endeavour to provide various innovative energy solutions to customers, Indian Oil has also been active in evaluating emerging trends in mobility, identifying relevant areas in the electric vehicle value chain and exploring all potential business opportunities to be future-ready in the transition. "With the successful deployment of over 1,000 EV charging points, we have achieved the first of our many milestones towards enabling an EV revolution in the country. Indian Oil is gearing up to provide EV charging facilities at 10,000 fuel stations in the next three years. This will give confidence to customers for an uninterrupted drive as well as to automobile manufacturers to enhance the production of electric vehicles," said **V. Satish Kumar**, director (marketing), Indian Oil. Having installed its first EV charger for public use in 2017, at Nagpur, Indian Oil EV charging points are now present in more than 500 towns and cities, including multiple state and national highways. The corporation is planning to have a base of 3,000 plus charging stations to convert highways into e-highways across the country, over the next three years. ◆

Move over, Japan and the US, India now has 300 MW gas-insulated substation (GIS), which can scale up to 700 MW and ensures full power 24x7 for 10 data centres on the two-million sq ft Mumbai campus of **CtrlS**. Backed by three different sources and diversified paths to power it at all times, the GIS facility will now help businesses co-locate their high-density IT infrastructure with seamless scalability to address their growth requirements. The Hyderabad-headquartered data centre major, which has a campus in Noida, too, is in the business of guaranteeing totally safe data hosting to its clients all over the world. The new GIS facility has 'limited' sensitivity to environment and humidity and is highly corrosion- and seismic-resistant, enjoying an operating life of over 50 years, with no maintenance needed for the first 25 years. It is not only advanced, but sustainable, too, with LEED Platinum certification, and is also designed to withstand earthquakes measuring 9 on the Richter scale. "This deployment is our commitment to the industry as we continue to address the growing needs of hyper-scalers, telcos, BFSI, healthcare, gaming and new-age companies," says **Sridhar Pinnnapureddy**, founder & CEO, CtrlS Data Center. The GIS technology originally began in Japan in the 1960s to save space, as against a conventional air-insulated substation. Even in the US, only 2-5 per cent of new substations are constructed as GIS. ◆

Maruti Suzuki India has announced its partnership with Quiklyz by Mahindra Finance for its 'subscribe' program, whereby Quiklyz will offer a white plate subscription for the Maruti Suzuki range of vehicles. Launched in July 2020, Maruti Suzuki Subscribe is a programme, where a customer can enjoy owning a car without buying it. It allows the customer to opt from a range of Maruti Suzuki vehicles, for multiple tenure options, for an all-inclusive fixed monthly rental. This includes the vehicle usage charges, registration charges, maintenance, insurance and other common services related to vehicle usage. Once the tenure is over, the customer has an option to switch over to a new car or avail the option of purchasing the subscribed car. The service also offers the customers the option of foreclosing the subscription at any point in time. On the occasion, **Shashank Srivastava**, senior executive director, marketing & sales, Maruti Suzuki India, stated: "The car subscription is a relatively new concept for the customers in India. In less than two years of its launch, we have received a phenomenal customer response for Maruti Suzuki Subscribe with nearly 1,00,000 enquiries. The subscription programme allows the customer to select from a bouquet of vehicle options, as per their requirements. We have been constantly upgrading our 'subscribe program' services with lessons and feedback from our customers. This has encouraged us to expand Maruti Suzuki Subscribe to newer markets like Kolkata and partner with Quiklyz by Mahindra Finance. Through this new partnership and expansion, we look forward to serving our customers with more ease and convenience." ◆

Grow more!

Paper industry pins hopes on policy initiatives for agroforestry

Mehta: the industry is upbeat

The Indian paper industry accounts for about 5 per cent of the world's production of paper. The estimated turnover of the Indian paper industry is ₹70,000 crore (domestic market size of 80,000 crores) and its contribution to the exchequer is around ₹5,000 crore. The industry provides direct employment to 500,000 persons, and indirectly to around 1.5 million. Paper mills use a variety of raw materials viz wood, bamboo, recycled fibre, bagasse, wheat straw, rice husk, etc. In terms of share in total production, approximately 21 per cent are based on wood, 71 per cent on recycled fibre and 8 per cent on agro-residues. The per capita paper consumption in India at around 15 kg, is way behind the global average of 57 kg.

India is the fastest-growing market for paper globally and it presents an exciting scenario; paper consumption is poised for a big leap forward in sync with economic growth. The futuristic view is that growth in paper consumption would be in multiples of GDP and hence an increase in consumption by one kg per capita would lead to an increase in demand of 1 million tonnes.

The government's avowed support to boost agroforestry in the country as stated by the finance minister in her budget speech and subsequently endorsed by the Ministry of Agriculture & Farmers Welfare recently, has been welcomed by the paper industry. According to the Indian Paper Manufacturers Association (IPMA), the availability of additional 25 lakh hectares of land for agroforestry, besides the industry's own agroforestry drive, will go a long way in ensuring raw material security for all wood-based industries.

Presenting the Union Budget 2022-23, the finance minister had stated: "Policies and required legislative changes to promote agroforestry and private forestry will be brought in." Subsequently, the Ministry of Agriculture has also stated that financial support will be provided to farmers to promote agroforestry. "Finance Minister's special mention of policy initiatives for agroforestry has got the paper industry upbeat. The industry has worked incessantly with over 5 lakh marginal farmers over the last several years and has successfully brought 12 lakh hectares of largely degraded land under plantations. However, despite the efforts of the paper industry in promoting plantations against all odds, the availability of wood domestically is still inadequate compared to the demand of India's paper industry," said A S Mehta, President, IPMA.

Policies and legislative changes to promote agroforestry, such as support for bund plantations under the different schemes of the Ministry of Agriculture and loans/other credit facilities as given in the case of agriculture crops, can certainly provide a fillip to the efforts of the paper industry. The paper industry is ready to partner with the government and all other stakeholders in this endeavour, added Mehta.

According to IPMA, if an additional 25 lakh hectares of degraded land (forest land, non-forest government land, Forest Development Corporation Land, etc.) in the country is harnessed for the agroforestry programme, it can provide employment to at least 10-15 lakh persons, supplement the income of farmers, increase the country's tree cover, provide environmental benefits, and also generate enough raw material for all wood-based industries at globally competitive rates. This is also necessary to make India's paper manufacturers competitive vis-à-vis ASEAN players

who have long-term forest concessions in their countries and can export paper to India at nil basic customs duty under the Free Trade Agreement between India and ASEAN.

However, the paper industry has stated that an increase in the basic customs duty on import of recovered paper/wastepaper, an important raw material used by the paper industry, from nil to 2.5 per cent has come as a dampener. The industry is passing through challenging times and is hard-pressed for raw materials in view of supply-side constraints. An increase in import duty on wastepaper will add to the production cost. Since the domestic paper recovery rate in India is around only 40 per cent as compared to over 70 per cent in developed countries, the import of recovered paper/wastepaper is crucial for domestic value addition to meet the growing demand for paper in the country, and also for exports.

The imposition of import duty on recovered paper/wastepaper will harm the competitiveness of India's paper industry and is not justified till the collection and recovery of waste paper in the country increases significantly through efforts by all stakeholders towards domestic waste segregation and recycling. ◆

feedback@businessindiagroup.com

SPORTS UTILITY VEHICLES

Game-changers

Sports Utility Vehicles (SUVs) are fast catching up with Indian customer expectations, with their improved performance, as also the extra space, comfort and other features they offer. These cars are now called family movers and recreation vehicles.

The demand is picking up for these SUVs in various segments. In particular, the recent trend shows the customers' preference for three-row premium SUVs, meant for seven occupants – vehicles that are bigger in size and more spacious for long-distance travel. These SUVs are ideal for families travelling together. To capture this segment and increase the market share, five carmakers are offering their products to customers – MG Hector Plus, Hyundai Alcazar, Tata Safari, Mahindra XUV700 and, the latest entrant, Kia Carens.

SUVs: ruling the Indian roads

Mahindra XUV700, launched in October 2021 at a starting price of ₹11.99 lakh, has met with huge success. The Korean carmaker Kia has also joined in this segment, with 'Carens' offered at an introductory starting price of ₹8.99 lakh.

Mahindra & Mahindra has ruled the Indian roads for years with its fleet of SUVs – Bolero, Scorpio and XUV500, till new players started entering this segment to grab their market share. When M&M first launched the Scorpio in 2002, it helped the carmaker transform the brand. To continue its success forward, the XUV500 followed in 2011. From the start, the XUV500 was a trendsetter and has sold over 260,000 units in India since its launch. At that time, it was priced competitively at the 'Rs10 lakh plus' category to become the fastest-selling SUV, helping Mahindra to retain its leadership. The XUV500 came with a large array of first in segment high-tech and safety features. This was followed by XUV300, which continued its legacy. Great performance, combined with a five-star safety rating, has made the XUV300 a compelling proposition for customers. The XUV300 has sold over 120,000 units in India since its launch. The new-look Thar became another successful product for Mahindra.

"Mahindra has seen successful back-to-back launches – the new Thar in 2020 and XUV700 – in 2021," informs Veejay Nakra, CEO, automotive division, M&M Ltd. "Both have been game-changers for our SUV business and we are overwhelmed with the blockbuster response they have received. Over 100,000 bookings for the XUV700 in less than four months is a testament to the faith customers have in our brand. Our focus is to ensure deliveries to the customers at the earliest".

Out of the 100,000 XUV700 bookings, the company has delivered over 14,000 vehicles to customers till now. The new models – Thar and XUV700 – have helped boost the numbers and market share of M&M. The XUV700 has various firsts in segment – Sci-Fi technology, an advanced driver-assist system, etc. It also has the highest safety rating in India. The XUV700 and XUV300 are important products in the Mahindra portfolio and contribute to significant volumes in their respective portfolios. Both XUV300 and XUV700 are available in diesel and petrol versions. The company has announced that, despite various global supply chain challenges faced by the auto industry, it has met its commitment and delivered the first lot of 14,000 XUVs. The company has also achieved a milestone of 100,000 bookings in India. The XUV700 has also been able to attract newer segments with many first-time buyers for the brand.

The company has also stated that, while the dynamic supply chain issues continue to be a challenge in streamlining and ramping up production, it is doing its best and focussing on meeting its committed delivery timelines to customers. Given the unprecedented bookings and the continued strong demand for the XUV700, the waiting period for a majority of the variants stands at 6-10 months, while the AX7 series has a waiting period of well over 12 months.

These five players have lock horns and it will be interesting to watch how the success of these players will proceed in the segment in the coming months. ◆

S.M. BOOTHEM
feedback@businessindiagroup.com

Ukraine balance

India between rock and hard place

'Quiet and constructive' diplomacy is the need of the hour, says India

So far, India has been trying to strike a balance over the Ukraine crisis, refusing to explicitly take sides. India has said that 'quiet and constructive' diplomacy is the need of the hour and any steps that increase tension 'may best be avoided by all sides', in the larger interest of securing international peace and security. It has maintained that legitimate security concerns of all countries need to be addressed. However, it appears to be coming under pressure within the Quad from the US to take a stand on the spat. Two other treaty allies of the US in the Quad, Australia and Japan, have openly disapproved of Russia's sabre-rattling.

At the recent meeting of the Quad in Australia, external affairs minister S. Jaishankar, when asked if India supported the US on the issue, hedged the issue: "This meeting is focussed on the Indo-Pacific, so I think you figure out the geography there." In Washington, however, the US state department spokesperson made it clear that one of the core tenets of the Quad is to reinforce the rules-based international order that applies as much in Indo-Pacific, as it does in Europe.

India's stand was articulated by Ambassador T. S. Tirumurti, Permanent Representative of India to the UN, when he said that India welcomes the efforts underway for the implementation of the Minsk Agreements, especially through the Normandy format, which involves Germany, Russia, Ukraine and France. The Minsk Agreements, named after the Belarus capital, where they were firmed up in 2014 and 2015, sought to end the war between the Ukraine government and the Russian-speaking secessionists in Eastern Ukraine. They have so far remained unimplemented, largely because Russia denies that it is a party to the conflict or has any armed formations and military equipment in the disputed regions.

India's dilemma

At the heart of India's ambivalence is its stakes in its growing relationship with the US and the old ties with Russia. India is vulnerable to fluctuations in oil prices, as it depends on imports for more than 80 per cent of its oil needs. Currently, tensions between Ukraine and Russia and the massing of latter's troops on the former's borders have been a major reason for the recent spike in crude prices.

To be sure, analysts continue to maintain that, even without the conflict, crude prices are likely to remain high. A military conflict with Russia is bound to worsen the situation. Russia has a share of 12.5-13 per cent in global crude oil production, which is almost half of the total crude oil production in Organization of Petroleum Exporting Countries (OPEC) in the West Asia region. If crude prices stay at current levels, or worse, increase even more, most of our budgetary calculations could go awry.

The energy impact of a military conflict involving Russia and Ukraine will not be limited to crude oil prices alone. Western Europe is also dependent on 40 per cent of its natural gas supplies from Russia and a disruption in supplies will generate additional tailwinds for energy prices in Europe. This is bound to feed into global inflation.

If Russia does invade Ukraine and there is a larger conflict involving US and other NATO allies, it is expected that US and other advanced countries will impose economic sanctions on Russia. Often, these sanctions also hold for countries trading with an aggressor.

As it is, India was living under the shadow of Countering America's Adversaries Through Sanctions Act (CAATSA) sword for procuring the Russian S-400 air defence systems till the Biden administration provided an informal breather. India is also the largest arms export destination of Russia, accounting for 23 per cent of its defence exports. Several large Russian arms deals with India, including for combat aircraft, were completed by 2020 and India placed new orders for a variety of Russian arms in 2019-20. The ensuing deliveries will lead to an increase in Russian arms exports in the coming five years. Over the years, the India-Russia co-operation in the military technical sphere has evolved from a purely buyer-seller relationship to joint research, design development and production of state of the art military platforms, like the Brahmos cruise missile.

Before the collapse of the Soviet Union, Russia was an important export destination for India and it had a share of almost 10 per cent in India's total exports. But Russia has been losing its importance, when it comes to trade with India, with total trade in 2020-21 limited to $9.31 billion. Following the recent Putin-Modi summit, the revised targets of increasing bilateral investment and trade have been upped to $50 billion and $30 billion respectively by 2025. ◆

RAKESH JOSHI
rakesh.joshi@businessindiagroup.com

An FTA with UAE

Jobs, J&K investments among highlights

Goyal signing CEPA with UAE Economy Minister Abdulla bin Touq Al-Mari

India and the UAE have signed the Comprehensive Economic Partnership Agreement (CEPA), which is set to give duty-free access to 90 per cent of India's exports to the UAE by value, when it comes into force in the first week of May. The trade pact marks a positive outcome of the Middle East diplomacy, which has been a highlight of the Modi government's achievements in foreign affairs. The negotiations were completed in a record 88 days.

The agreement is the first of the several such deals that India is currently negotiating with several countries across the world as part of the 'post-pandemic recovery'. Some of the trade pacts will be interim or 'early harvest' in nature, because of the complexities involved but the one with the UAE is crafted by keeping long term objectives in view.

A highlight of the CEPA will be potential investment by Emirati companies in Jammu & Kashmir. Last month, Manoj Sinha, lieutenant governor, Jammu & Kashmir, paid a successful visit to the UAE, after which several Emirati companies displayed interest in investing in Jammu & Kashmir. "We welcome the UAE's investment in the logistics, healthcare, hospitality and all other sectors of Jammu & Kashmir," observed Prime Minister Narendra Modi, at a virtual ceremony on the occasion.

During the virtual summit meeting, a Memorandum of Understanding (MoU) was signed between the International Financial Services Centers Authority (IFSCA), GIFT City and the Abu Dhabi Global Market Financial Services Regulatory Authority (FSRA). Another MoU covered building of food corridors.

Piyush Goyal, commerce minister, presented the deal as a move that would have "far-reaching implication for the global economy" and provide economic opportunities. "The deal will open up to 1 million jobs for the young people in the country." He is of the view that plastic, agricultural products, automobiles, engineering and pharmaceuticals are some of the areas that will be boosted because of the pact. As a friendly gesture, the UAE had agreed to recognise Indian pharma products within three months after they were recognised by advanced economies of the West through 'rigorous' process.

Zero duty access

India has excluded certain sensitive products, which have been witnessing manufacturing growth and areas where manufacturing is being incentivised through 'production-linked incentive' (PLI) schemes from the ambit of the India-UAE free trade agreement (FTA). The agreement will initially give zero duty access to 90 per cent of Indian products and 65 per cent of products from the UAE. Over a period of 10 years, 97 per cent of Indian products will get zero-duty access to the UAE market and 90 per cent of UAE products would have duty-free access to the Indian market.

"All the products, where our domestic manufacturing is growing or where we are bringing PLI schemes, have been excluded from the agreement," says B.V.R. Subrahmanyam, commerce secretary, explaining the exclusions. Besides, dairy, fruits, vegetables, cereals, tea, coffee, sugar, food preparations, tobacco, toys, plastics, scrap of aluminium, and copper were among the products that were excluded from the FTA.

The agreement is projected to boost bilateral trade in goods to $100 billion and in services to $15 billion in five years, and create about 1 million jobs in India including the gems & jewellery, and automobile sectors. Domestic jewellery sector would get a significant boost through duty free access to the UAE market under the FTA. In turn, imports of gold of up to 200 tonnes from the UAE will face a tariff that is 1 per cent lower than the tariff charged to the rest of the world. This expected to divert gold imports of up to 200 tonnes to the UAE. India imported about 70 tonnes of gold from the UAE in 2020-21.

The deal marked a first in respect of a chapter on digital trade in an FTA. This indicates India's willingness to discuss this topic in bilateral agreements. "There will be a lot of harmonisation in regulatory standards on how you manage digital trade between India and UAE …," says Subrahmanyam. "We (India) are discussing digital trade or e-commerce with the European Union, Australia, the UK and Canada".

Srikar Reddy, joint secretary, Ministry of Commerce, said it was a 'best endeavours' chapter and that dispute resolution mechanisms in the agreement would not apply to it. "We have provisions in the chapter regarding paperless trading, consumer protection, unsolicited commercial electronic messages, personal data protection, cross border flow of information and cooperation on digital products and also electronic payments," he said.

The FTA has stringent value addition norms, safeguard provisions, rules of origin and valuation norms. In fact, the pact has a value addition requirement of 40 per cent on most goods. Such provisions prevent the re-export of goods imported from other countries taking advantage of lower tariffs without value addition. ◆

RAKESH JOSHI
rakesh.joshi@businessindiagroup.com

Out of the window

Old Data Protection Bill to be junked?

After working on it for five years, the Modi government is now said to be thinking of junking the Personal Data Protection Bill 2019, and drafting a completely new one. The proposal being considered is the introduction of fresh legislation that can address concerns over the current provisions being unsuitable for the start-up ecosystem, which has seen a mushrooming of unicorns. The original aim of the bill was to regulate data collection and storage procedures in India.

When the structure of the bill was envisaged, the start-up ecosystem did not have the kind of momentum it enjoys right now. In the past one year, a record 42 unicorns were created in the country.

While Ashwini Vaishnaw, minister, IT, has been circumspect on the subject, Rajeev Chandrasekhar, junior minister of state, IT, has been more vocal. Speaking at a NASSCOM conference, Chandrasekhar said: "A new digital law, which takes into account aspects like citizens' right to privacy, is needed to keep pace with the time." He further added that the proposed new digital law would be benchmark legislation in terms of what jurisprudence around the internet should be like.

The minister admitted that the bill may take some more time to take shape as the government does not want to rush into it. However, "Any new law should not be rigid and too focussed on the present," said Chandrasekhar, adding a word of caution. Rather, it should be flexible and open to wide interpretation, given the evolving nature of the technology space." The new legislation should not put excessive compliance burdens on startups and that these new regulations should be flexible.

The Personal Data Protection (PDP) Bill 2019 was originally mooted in 2017 and drafted by a panel led by retired Supreme Court Judge B.N. Srikrishna. Ravi Shankar Prasad, former

Chandrasekhar: new digital law is needed

IT minister, had introduced the Bill in Parliament, in 2019. It was then reviewed by a Joint Committee of Parliament and, after two years of deliberations and five extensions, the JCP adopted the draft report on the Personal Data Protection (PDP) Bill 2019 in November last year.

Drawing flak

The changes that the JPC asked for included bringing both personal and non-personal data under the ambit of the bill and requiring government approval for sensitive personal data of Indians that is to be taken out of the country. It also mandated a strict timeline of 72 hours in which to report data breaches and required intermediaries such as social media companies to be responsible for content posted by users on their platforms.

The committee's recommendations have received 'sustained criticism' from stakeholders in India and abroad. This criticism includes concerns over the attempt to govern non-personal data under a bill originally intended just for personal data, and the possibility that social media platforms will be held responsible for what users post.

In addition, Meta (formerly Facebook) in its annual filing with the US Securities & Exchange Commission earlier this month, had aired concerns about regulatory hurdles around data storage and transfer in India. Google's parent company, Alphabet Inc, had expressed similar worries without naming any country.

Several stakeholders had criticised the proposed regulation, flagging concerns over the structure of the Data Protection Bill, and provisions on the inclusion of non-personal data and treating social media as publishers. Under the present rules, the government can only tweak clauses in a JCP draft Bill, but cannot change the provisions. For any major change, the government would have to consult the industry, which would be a time-consuming affair. That means that the proper legislation may take some time to see the light of the day.

The government is veering round to the view that a better option is to bring a new bill altogether, which is aligned with the current times. For one thing, it was felt that the compliance requirements from the industry as per this draft bill will completely cripple it.

The current bill has provisions such as data minimisation, where companies will have to collect minimal data. This will impact the way startups have functioned in the past, according to Nikhil Narendran, partner, telecom, media & technology, Trilegal. Startups will face a lot of compliance burden, which will also require a lot of investment, he said.

The revised version of the draft Data Protection Bill was due to be presented in Parliament in the second leg of the Budget session, starting 14 March. However, the Modi cabinet is yet to discuss the bill. Going by the present developments, the wait for a Personal Data Protection Bill is going to be a long one. ◆

RAKESH JOSHI
rakesh.joshi@businessindiagroup.com

Seeking trust

The party's weakness this year could overturn Modi's bid for a third term in 2024

As Indians wait with bated breath to see how Prime Minister Narendra Modi's BJP fares in Uttar Pradesh, a key lesson emerging from the world's leading democracies is that trust in the government matters more for electoral victory than give-aways promised to voters. Whatever the give-aways, trust depends on the narratives people believe about the government's care for them. This is the lesson emerging from the world's celebrated democracies in Europe and the US, which are being weakened from the inside by deep and angry polarisation among voters.

All of those rich governments are losing their peoples' trust despite having spent over $14 trillion to ease the pain of the Covid-19 pandemic during the past two years. The vital importance of narratives is also evident in the perilous battle between Washington and Moscow for control of story lines about their potentially catastrophic conflict in Europe over Ukraine.

In January, the respected annual Edelman Trust Barometer reported a collapse of trust in developed democracies, with only 46 per cent of Germans, 44 per cent of Britons, 48 per cent of French, 40 per cent of Japanese and 43 per cent of Americans trusting their governments. Government and media fuel a cycle of distrust, while news sources fail to fix their trust problem. This is mainly because their narratives are not trustworthy.

Modi's government is handicapped by the crumbling credibility of Indian narratives about the efficacy of his domestic policies and the force of Delhi's international positions. For example, despite being a nearly failed state wracked by chaotic governance and domestic terrorism, Pakistan has gained sympathy for its narratives over Kashmir. UN and important non-governmental organisations believe that Modi's government is a systemic violator of the human rights of Muslims in general and Kashmiri Muslims in particular.

There is widespread belief among them that Modi is more concerned with transforming India into a militarised Hindu state oppressing minorities, than the economic well-being of its people. The culprit is failure to build narratives that state truths about India and disarm long-held prejudices against it.

The UP poll is pandering to these deceptive narratives through appeals to religion, community and caste to return a chief minister to power – while both Modi and Adityanath know what will matter most for victory is delivering decent jobs in the organised sector and easier business conditions for the 90 per cent that is informal and provides the overwhelming majority of livelihoods.

BRIJ KHINDARIA

Modi's economic governance in India and Adityanath's governance in UP have much that is commendable, delivered under difficult circumstances worsened by the Corona virus pandemic. But both are hampered by perceptions that they have a penchant for placing religious affiliation above the urgent need to empower employers, whether tiny or big, to give jobs to any qualified person regardless of religion or community.

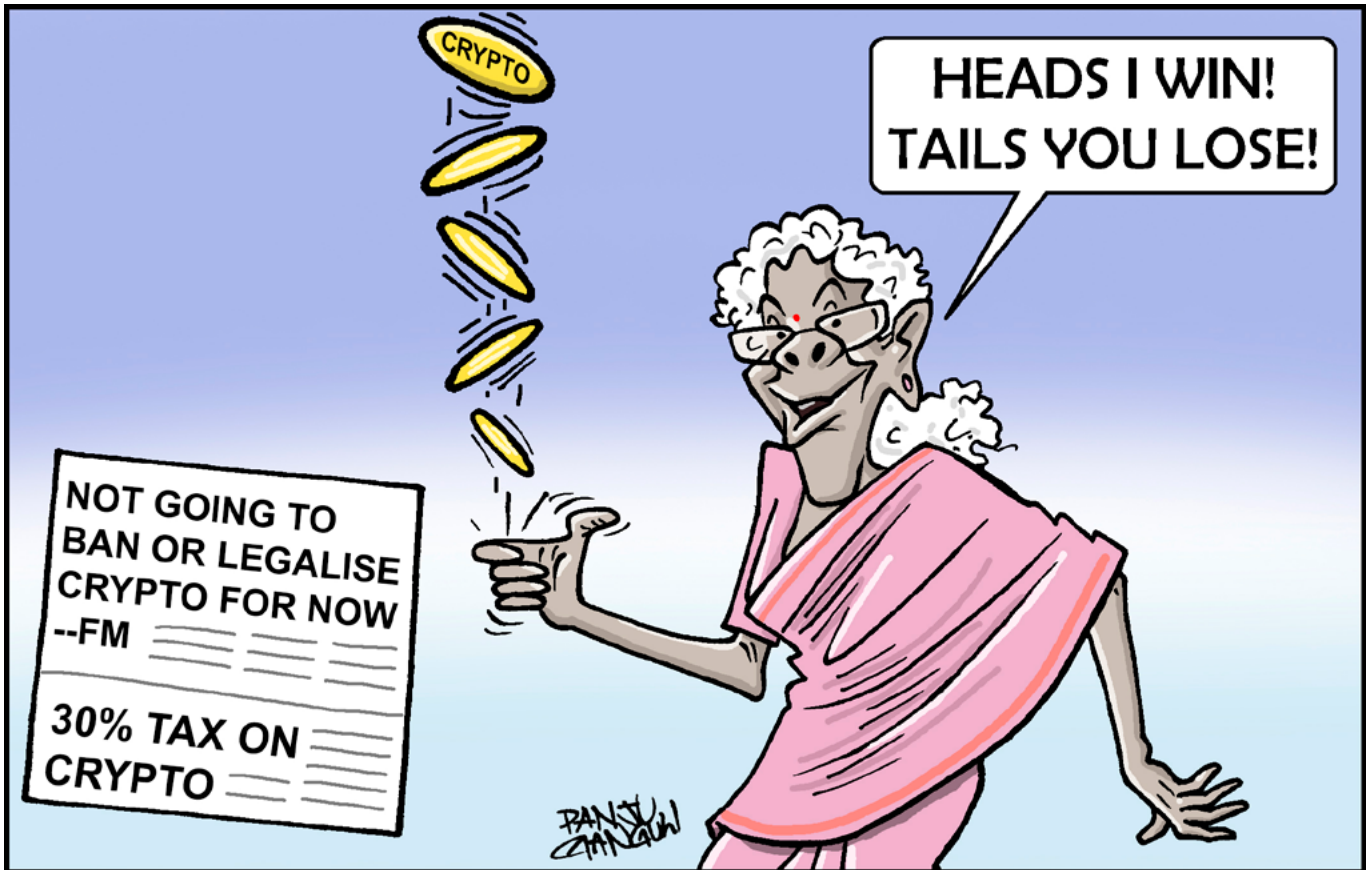
They are not alone. Narratives of identity-based nationalism fostering religious and community affinities are spreading especially in the US and Europe. They have fuelled a perception of decline of democracies that in America's case has triggered serious military challenges from Russia and China to its primacy in global affairs.

Over 200 million people, more than the populations of Russia and France, are eligible to cast ballots in Uttar Pradesh, Uttarakhand, Punjab, Manipur, Goa, Himachal Pradesh and Gujarat this year. The BJP rules all but two states and significant political erosion or loss of power in UP on 10 March will be seen as a start of down slide for the party everywhere.

Growing narratives of BJP weakness this year could overturn Modi's bid for a third term in 2024 and open a period of political instability at a time when China threatens Indian borders and Europe is fearful of Russian President Vladimir Putin's armies. Even if Putin withdraws this time, the fear of another horrendous war in Europe will hang for a long time over Washington, the 27-member European Union, and the US-led 30-member NATO military alliance.

Divisive narratives would worsen global insecurity and encourage China to venture across India's borders, while using Pakistan as a proxy to destabilise Kashmir. Beijing might even dare to throw down the gauntlet to the US over Taiwan, taking advantage of India's preoccupation in the Himalayas and the US military's thin spread over Russia and the Middle East. This situation would be far worse than the current US-Russian stand-off over Ukraine because China's emotional commitment is much higher to Taiwan, which it sees a province of its homeland whereas Putin claims only a cultural link to Kyiv. ◆

The author is an international affairs columnist for Business India. *He can be contacted at brijkk@gmail.com*



PRIVATE CRYPTOCURRENCY IS A HUGE THREAT TO MACROECONOMIC AND FINANCIAL STABILITY. INVESTORS SHOULD KEEP THIS IN MIND THAT THEY ARE INVESTING AT THEIR OWN RISK. AND THESE CRYPTOCURRENCIES HAVE NO UNDERLYING VALUE-NOT EVEN A TULIP.

SHAKTIKANTA DAS
Governor, RBI

LAST TWO YEARS MANY INVESTORS ASSUMED NEAR ZERO INTEREST RATES OR MAY BE 1-1.5 PER CENT LONG TERM RATES WAS SOMETHING WHICH WILL REMAIN FOREVER - CINDRELLA TIMES WILL NOT LAST FOREVER. I THINK WE ARE NOT VERY FAR AWAY FROM THE CLOCK STRIKING MIDNIGHT.

UDAY KOTAK
MD & CEO,
Kotak Mahindra Bank

A 'shortcut' will 'cut you short'

In brand marketing, shortcuts end campaigns without giving results

In a growing economy like India, with everything opening up again, as in 2022, there is a temptation to take shortcuts in brand marketing strategies, systems and campaigns. This approach will cut you short and end programmes earlier than expected, losing many opportunities in the marketplace.

A 'shortcut' could be a faster alternative route, which may require less time and effort, instead of the normal and usual full-fledged way. But, in the process, certain steps could be missed, certain elements bypassed, certain ingredients could be overlooked and, ultimately, certain results could remain unachieved. It is a debatable point that some people prefer taking shortcuts, instead of going through a full-fledged route of strategy or system, which takes care of all the elements, all the ingredients and all the steps that are needed to achieve success in brand building and success in growth of the brand's sale, market share and profit. A healthy child normally requires nine months of gestation before it is born. Taking a shortcut to disturb the process by cancelling the doctors' visits, avoiding regular check-ups and tests or skipping nutritious meals and exercises could lead only to undesirable consequences.

Similarly, the launch of a brand would require a certain measure of time, certain inputs and also certain rigorous implementation systems, along with periodic reviews, before the brand is born in a healthy and profitable manner. Just like plant requires no shortcut to grow – be it agri-inputs like water, sunshine, fertilisers and a properly disciplined scheduling and proportion – brands also require no shortcut in terms of inputs or systems.

Why is that some companies and brand marketing departments resort to shortcuts? Is it to save time? Is it to save money? Is it to save effort? Is it out of a feeling of superiority to show the world that they were smarter and were able to cut corners? Or, is it out of laziness or to save energy through skipping certain disciplined strategies and systems? By all these, would they be able to save the brand?

Where do the shortcuts fit in?

Shortcuts are made in terms of inputs – of resources or effort or manpower or money or even time. The reason some brands are cut short is that, in the garb of having speed and efficiency – whether in terms of time or in terms of cost – they take steps that make them lose effectiveness and achieve less-than-expected results.

JAGDEEP KAPOOR

The author is CMD, Samsika Marketing Consultants. He can be reached at jk@samsika.com

If we take the analogy of baking a cake or cooking, shortcuts do not lead to good tasty and nutritious dishes. If there is a shortcut taken in terms of the time of baking, or of ingredients, systems and devices, or even of monitoring, you would end up with a half-baked cake, which would not be edible at all.

In brand marketing, there are many elements that need to be looked at – be they brand names, positioning, segmentation before the event or launch plan after that, pricing strategies, distribution routes, retailer and consumer behaviours, monitoring and feedback. They also include the appropriate quantum and quality of advertising and promotion, the choice of media, the timing and duration of the campaign, the quality and quantity of sales force and the patient training and reviewing of the team and many other elements. And, all these lead to the success of a brand.

In each of these elements, there is a danger of a shortcut being taken, which could cut the promotion short. So, do not do that.

In brand marketing, there are many elements that need to be looked at – be they brand names, positioning, segmentation before the event or launch plan after that, pricing strategies, distribution routes, retailer and consumer behaviours, monitoring and feedback

My advice to brand marketers is: do not take shortcuts or it will cut you short. But, if you do the process properly, with discipline, strategy and systems and patience, your brand could be a cut above the rest.

Brewing inflation

Is the threat being underplayed?

Modi: blame it on Nehru

Last fortnight, as political campaigning for the assembly elections reached its fever pitch, the echoes could be heard loud and clear in Parliament. Speaking on the motion of thanks on the President's address in Lok Sabha, Prime Minister Narendra Modi trained his guns on the Congress party, which was a key player in four of the five poll-bound states. Tackling the criticism of the problem of inflation on his watch, Modi went back to Jawaharlal Nehru's address to the nation from the Red Fort as India's first Prime Minister. "Pandit Nehru said from the Red Fort that the war in Korea is affecting us. That is why prices are increasing and may go out of control. How India's first Prime Minister threw up his hands in front of the country!" Then on a sober note, he said, "If something happens in America, it affects the price of our goods. Imagine how serious the problem of inflation is – even Nehru had to say this from Red Fort, when there was no globalisation."

The Modi government takes pride in taming inflation and often says that, even during the pandemic, it kept prices under check (*see box:* Modi and inflation). During 2014-20, inflation was kept under 5 per cent. But, of late, new worries have arisen on this front. India's retail inflation rate accelerated to 6.01 per cent in January, breaching the upper tolerance limit of the Reserve Bank of India (RBI) of 6 per cent after a gap of seven months. And, for the 10th month in a row, the wholesale inflation (reflecting producers' cost pressures and based on the Wholesale Price Index) is in double digits, coming in at 12.96 per cent for January.

The rural belt was worst hit as the pace of price rise touched 6.12 per cent from 5.36 per cent in December. While in urban areas, it was 5.91 per

Modi and inflation

So far, Modi had tamed price rise; will he be equally successful now?

Controlling inflation has been one of the strong points of Modi government's performance so far. Finance Minister Nirmala Sitharaman has been harping on this achievement whenever she gets an opportunity, mostly when she has to rebut criticism of her government's economic management, as does Prime Minister Narendra Modi.

Replying to a general discussion on the Union Budget in Parliament recently, Sitharaman had said that the Indian economy suffered the biggest contraction due to Covid-19 pandemic, but the government has been able to contain retail inflation at 6.2 per cent. Comparing it to the performance of the UPA government during the global financial crisis in 2008-09, she pointed out that retail inflation was 9.1 per cent then. Besides, the pandemic had a bigger impact on the economy than the financial crisis. At ₹9.57 lakh crore, the Indian economy suffered the biggest contraction, because of the pandemic, compared to a loss of ₹2.12 lakh crore during the global meltdown in 2008-09.

Modi himself recently told Parliament with a measure of pride that during 2014-20, the inflation rate was below 5 per cent. Taking a jibe at the Congress party, PM said: "The Opposition has raised the issue of inflation here; it would've been better if they had raised that matter while their government was in power."

Inheriting inflation

In May 2014, when Modi took over as prime minister, inflation, as measured by the consumer price index (CPI), stood at 7.72 per cent, with food inflation at 9.21 per cent. In February 2019, the end of his first term, inflation was at 2.57 per cent, with food prices falling by 0.66 per cent. During 2018-19, food prices rose by just 0.13 per cent. It is a different thing that, on the flip side, the lack of food inflation was hurting farmers.

The tight grip which the Modi dispensation had maintained over price rise began slipping, with the onset of the first wave of the pandemic. Now, there are fears that things are not so comfortable and both the government and the Reserve Bank of India are underplaying the threat of brewing inflation.

Sitharaman: managing efficiently?

P. Chidambaram, former FM, one of the foremost critics of the Modi dispensation, has for some time been attacking the Centre for 'pretending' that price rise is a 'false concern'. Along with the high rate of unemployment, "inflation has broken the back of the people, and we hold the Central government under Narendra Modi directly responsible for the high inflation," he says. He has been demanding a reduction in fuel prices and GST rates, and a review of the import duties to reduce the "crushing burden of high inflation."

Excise duty cut

Last year, in November, as rising petrol and diesel prices led to a public outcry, the government effected an excise duty cut of ₹5 on petrol and ₹10 on diesel to offset the impact of rising crude oil prices. While this will lead to a revenue loss of ₹45,000 crore (0.2 per cent of gross domestic product or GDP), in the remaining months of 2021-22, the cut was aimed at translating to about 0.14 percentage point (pp) reduction in headline inflation in November due to direct effects, and about 0.3 pp, including the second round impacts, as logistics costs decline.

The government had then come to the conclusion that, while inflation was statistically less than 5 per cent then, high fuel cost was hitting

These prices are based on the maximum retail price principle and will not come down once increased, and manufacturers are expected to pass on higher input costs to consumers for the next two months too

Madan Sabnavis
Chief economist, Bank of Baroda

cent in January –marginally up from 5.90 per cent a month earlier.

According to government and private sector experts, higher edible oils component pushed the food inflation. Clothing and footwear inflation also soared to 8.84 per cent in January – up from 8.3 per cent in December. This followed the introduction of a higher GST rate on footwear products. A proposed GST hike on clothes from 1 January was called off by the Modi government after a GST Council meeting in late December, following pressure from the states.

Madan Sabnavis, chief economist, Bank of Baroda, says the main challenge thrown up by the January data

SANJAY BORADE

Chidambaram: inflation has broken the back of the people

consumption. Besides, assembly elections in five states, in which the BJP had a key stake, were round the corner. To some observers, it appeared to be a case of political jitters.

Was the cut enough? The outcome of the assembly elections could be an indicator of how successful the government's strategy to tackle price rise has been.

Inflation targeting

It wasn't like that earlier. Last year, the government, in the midst of fighting the second wave of the pandemic, had decided to retain India's inflation target at 4 per cent, with a band of 2 per cent on either side for another five-year period, ending March 2026. Most economists had welcomed the decision, as in the then uncertain economic scenario, retaining the inflation target provided stability and helped the Reserve Bank of India's Monetary Policy Committee focus on anchoring inflation expectations, while also balancing the objective of supporting growth.

Earlier, in 2016, India adopted a flexible inflation targeting framework in 2016. The RBI Act 1934, amended through the Finance Act of 2016, established a modern monetary policy framework with a clear objective of achieving price stability, while keeping in mind the objective of growth. A six-member MPC, with three internal and three external members, was set up to determine the policy rate to achieve the inflation target. The Consumer Price Index-based inflation target was set by the government at 4 per cent, with a tolerance band of plus/minus 2 per cent for the period from August 2016 to March 2021.

Steady course

As the pandemic disrupted economic activity, there was a debate about revising the inflation target to allow the central bank greater leeway to cut interest rates and focus on growth in the pandemic-struck economy. In addition to revising the target, many commentators suggested modifying the inflation targeting framework. There were calls to abandon it.

The Economic Survey argued for changing the inflation metric from headline inflation to core inflation, and thus excluding food and fuel prices which are transitory and mainly supply side factors that monetary policy cannot influence. However, the RBI has, through various publications, argued for retaining the inflation target at 4 per cent, with a 2 per cent band. The government also felt there was no need for a trade-off between growth and inflation – a strategy followed to some extent by Congress FMs like Pranab Mukherjee and Chidambaram.

The Modi government's faith in robust inflation management stems from the BJP's political assessment that it was the runaway inflation in the years leading to the 2014 general election that cooked the Congress-led UPA government's goose. In fact, inflation had reached an all-time high of 12.17 per cent in November 2013. An average retail inflation rate of 10.4 per cent across the five years of UPA 2 government had led to sharp anti-incumbency when the elections were held. In fact, UPA 1 had also handed over a high inflation rate of more than 8 per cent to its second variant.

The Modi government, while managing inflation well, however, could not accelerate the economic growth rate much. GDP growth rates were higher during the UPA's tenure. Under the new series, GDP grew at 8.1 per cent in the UPA decade (2004-14), while the average under Modi's first term comes to 7.3 per cent. The gap could have been narrower, if three disruptions had not happened – two years of consecutive bad monsoon in 2014-15 and 2015-16, demonetisation and the goods & services tax (GST).

RAKESH JOSHI

is the high 6 per cent plus inflation in non-food segments, such as clothing, fuel & light, household goods, health, transport & communication and recreation. "These prices are based on the maximum retail price principle and will not come down once increased, and manufacturers are expected to pass on higher input costs to consumers for the next two months too," he adds.

Lower than in the US, but...

The interesting thing about the current inflation trajectory in India is that it is lower than that of the US and countries of Western Europe. Emerging markets such as India have always

A low CPI in India largely indicates a lack of consumer demand, making it tough for firms to raise prices despite rising input costs

SANJAY BORADE

Dhananjay Sinha
MD & chief strategist, JM Finance Institutional Equity

Every day is critical for me. A price hike has become urgent. For certain subsidiaries, survival depends on it

Pramod Agrawal
Chairman, Coal India

run higher inflation rates than developed economies but for the first time in the past 30 years, the US at 7.5 per cent in January reported consumer price inflation (CPI) rate higher than in India in five consecutive months. However, India's relatively low CPI, though not beneficent, is indicative of a lack of demand in the economy. "A low CPI in India largely indicates a lack of consumer demand, making it tough for firms to raise prices despite rising input costs. In the US, on the other hand, consumer spending has been exceptionally strong in the post-Covid period, allowing firms to raise prices," said Dhananjay Sinha, MD & chief strategist, JM Finance Institutional Equity.

In the US and other western countries, demand has been high, because of the liberal stimulus announced by governments to ward off the impact of Covid. In India, the tardy government policies were not configured to trigger consumer spending.

But, with the WPI rate in India, which reflects the prices of key industrial and agricultural commodities, raging at 13 per cent on an average in the past six months, this raises fears of a rise in the CPI, as producers will have to raise prices to recover higher input costs in coming months. While this will lower the inflation gap between the US and India, it will bring misery to the common man.

India Inc feeling brunt

Inflationary pressures are already hurting big companies. Take the case of Coal India. Global coal prices have been on the higher side, which has led to greater demand for dry fuel from domestic sources. Recently, Pramod Agrawal, chairman of the coal mining major, flagged an urgent need for a price hike of the dry fuel, contending that without which, "certain subsidiaries" would find it "difficult to survive". In an effort to tide over inflationary pressure, the miner is expected to raise prices after the assembly elections in five states, including Uttar Pradesh, in March. "Every day is critical for me. A price hike has become urgent. For certain subsidiaries, survival depends on it," the Coal India boss is understood to have told investors on Thursday.

In a revealing article for *The Economic Times*, Devina Mehra, CMD, First Global, recently underlined the worries for India Inc, as well as for investors, inherent in the high levels of wholesale inflation. "So, we have a situation where producers are facing the highest inflation in two decades, which is not reflecting in consumer prices and that has implications for us not just as consumers but also investors." Simply put, companies are facing cost increases that they are unable to pass on to end consumers to the extent they would like, because of dull consumer demand. This has translated into margin pressures that are already visible across the board in Q3 2021-22, in diverse industries from FMCG to autos and chemicals to capital goods.

In fact, according to Mehra, operating profit margins for a sample of 432 companies (excluding banks and financials) contracted 200 basis points year-on-year (y-o-y) as raw materials costs jumped 466 basis points y-o-y. For instance, BHEL's gross margins were down 100 bps y-o-y, hit by higher commodity prices on nearly 50 per cent of fixed price-based order backlog. Marico's consolidated gross margins fell 320 bps. JSW Steel's EBIDTA margin contracted nearly 500 bps y-o-y, though net sales were up 50 per cent y-o-y. Bajaj Auto's EBIDTA margin, for instance, contracted 420 basis points y-o-y, driving down the EBIDTA by 21 per cent y-o-y. This trend will only accelerate in the current quarter and beyond.

The Ukraine factor

There is another factor that Modi and his ministers are glossing over – or at least not yet pressing the panic button about. The trouble brewing on the Russia-Ukraine border has sent oil prices shooting, fuelling global inflation, which in the long run could feed into domestic inflation in India. As it is, inflation is fast becoming a threat in the global macroeconomic theatre.

"Rising International crude oil prices remain a huge threat, accentuating inflationary pressures, even though fuel inflation eased in January to 9.32 per cent from 10.95 per cent in December," said M. Govinda Rao, chief economic advisor, Brickwork Ratings. "The ongoing Ukraine crisis is likely to escalate the international crude oil prices higher, hence the central government may have to lower the excise duties in the coming months to control inflation," Rao, a member of the 14th Finance Commission, said. Indeed, the government's stance on retail fuel prices after the ongoing assembly polls – to raise them or pare excise duties – will be critical in determining the inflation trajectory from March.

Even if retail inflation were to slide back to the 5 per cent range in February and March on the back of suppressed fuel prices, the critical moment will be in March after the elections conclude as there can be a fresh round of increase in fuel prices, he emphasised. Even if retail inflation peaks in the current quarter, ICRA chief economist Aditi Nayar says it may not moderate quickly. Nayar now expects a change

in the monetary policy stance only in June 2022, followed by two repo rate hikes of 25 basis points each in August and October. "This is guided by our view that inflation will not moderate appreciably in the first half of 2022-23," she notes.

The possibility of Russia actually invading Ukraine and such an act blowing up into a full blown war between Russia and the members of the North Atlantic Treaty Organization (NATO) will have serious repercussions for India, especially its economy. Though the possibility is now receding as Russia is now pulling back some of its forces from near Ukraine, it would ultimately depend on how conclusively the US and its NATO allies deal with Russian objection to the potential inclusion of Ukraine in the military alliance. A lot would depend on how the inscrutable Vladmir Putin plays his next poker hand.

Last fortnight, the price of oil has been above $90 a barrel. Russia is the world's second largest producer of both oil and natural gas and global oil supplies. And this crisis comes at a time when the world energy market is already struggling to keep up with demand. JPMorgan has warned that any disruption to Russia's oil flows would send oil to $120 a barrel.

Oil is key

Oil could send our economic calculations into a tizzy. This year's Economic Survey expects crude petroleum prices to be in the range of $70-75 per barrel over the course of fiscal year 2022-23.

We have a situation where producers are facing the highest inflation in two decades, which is not reflecting in consumer prices and that has implications for us not just as consumers but also investors

Devina Mehra
CMD, First Global

Assuming that oil prices will average this much in the next financial year, India will achieve a real GDP growth of 8-8.5 per cent.

Sabnavis calculates that a 10 per cent increase in crude oil would push up WPI by 0.9-1 per cent and Consumer Price Index (CPI) by 0.4 per cent to 0.6 per cent, while current account deficit (CAD) is likely to increase by 0.4 per cent of GDP. This will have a negative impact on the rupee. "Higher crude prices will mean higher revenue for the states under unchanged excise duty conditions. With crude prices going up the subsidy on LPG and kerosene will increase, though this may not be significant."

An RBI paper from January also warns that if a crude price shock hits the Indian economy, the CAD to GDP ratio will rise sharply irrespective of a higher GDP growth. A $10/barrel increase in oil price will raise the inflation by roughly 49 basis points or increase the fiscal deficit by 43 bps as a percentage of GDP if the government decides to absorb the entire oil price shock rather than passing it to the end users.

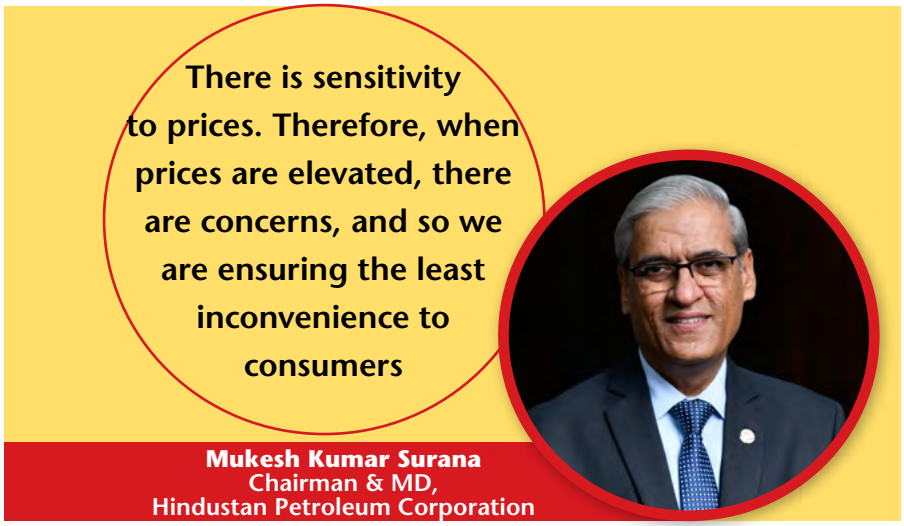
Economists have warned that rising oil and food prices pose a risk to inflation. But RBI governor Shaktikanta Das has said the central bank's retail inflation outlook for 2022-23 was quite 'robust'. The RBI has projected average retail inflation of 4.5 per cent in 2022-23. It is forecasting inflation to subside to 4.2 per cent by Q4 in 2022-23. Das has reiterated that inflation momentum was on a downward slope since and the central bank had taken into account all scenarios. "When you do inflation projection, you assume a crude price for the whole year, a particular price and a range of prices. If you take $95 a barrel and make a projection for the entire year you will definitely go wrong. It may go up further and come down steeply," says Das.

Even if retail inflation peaks in the current quarter, it may not moderate quickly

Aditi Nayar
ICRA chief economist

RBI's logic off-the-mark?

The Monetary Policy Committee (MPC) of the RBI has opted to keep the repo rate and the reverse repo rate unchanged for the 10th time in a row at 4 per cent, signalling that it will "continue with an accommodative stance as long as necessary to revive and sustain growth on a durable basis", to mitigate the damage caused by the pandemic. The MPC's decision has divided economists and financial


There is sensitivity to prices. Therefore, when prices are elevated, there are concerns, and so we are ensuring the least inconvenience to consumers
Mukesh Kumar Surana
Chairman & MD,
Hindustan Petroleum Corporation

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experts into two camps. While one is supportive of the decision given that India's consumption levels are still to take off meaningfully, the other is criticising it on grounds that the central bank will be forced to revisit its inflation projection considering the rapidly spiralling out-of-control commodity prices.

Indeed, it may not be as simple as Das thinks. Consumers have been enjoying stable petrol and diesel prices for more than three months now. The artificial respite from rising fuel prices has been necessitated by the current round of assembly elections. The price freeze has dampened inflationary pressures artificially to an extent. But the respite – and even the substantive politically-influenced rollback in several states – may not last long and is likely to make way for a steep increase after the last phase of assembly elections in Uttar Pradesh on 7 March.

Oil companies waiting

Some market experts expect the increase to be as high as ₹8 per litre for petrol and diesel as global crude oil prices have risen by almost $14 per barrel since 4 November – the last time retailers in India changed domestic prices – and oil companies need to make up for the losses so far. According to estimates, a $1- increase in global crude prices results in a 45-paise increase in the domestic prices of petrol and diesel. The actual burden can be marginalised by lowering the duty component but this will impact the exchequer.

The fuel price hike (along with that of coal) would lead to un-bottling of inflationary pressures which have been kept on hold because of assembly elections, unless the Central and state governments once again have the stomach for a cut in taxes on petrol and diesel.

Oil companies in India are legally free to align their prices with global rates, after the complete deregulation of fuel prices in 2014 – but, fearing public backlash, they usually have to freeze prices in the run-up to elections. On 3 November, in order to cool retail prices from record highs, the Modi government made a steep cut in excise duty on petrol and diesel, by ₹5 and ₹10 respectively. This was followed by a cut in value-added tax in many states and Union territories to give further relief to consumers.

The Organisation of the Petroleum Exporting Countries (OPEC), which largely holds the supply of crude to India, said last week that world oil demand might rise even more steeply this year, as the global economy posts a strong recovery. Mukesh Kumar Surana, chairman & managing director, Hindustan Petroleum Corporation, claimed at a public event last month that state-owned fuel retailers have not been raising prices, as global prices are extremely volatile, and price revisions in such a scenario would be counterproductive to the purpose of daily price changes.

"There is sensitivity to prices," added Surana. "Therefore, when prices are elevated, there are concerns, and so we are ensuring the least inconvenience to consumers". He went on to add that fuel retailers are trying to keep prices aligned 'over a period' rather than aligning on a daily basis for the time being.

The government was hoping that crude oil prices will come down over the next few months; so, it won't be forced to cut excise duties to rein in inflation when oil companies pass on higher costs to customers. Given that the budget has not made any provision for a cut in excise duties in case crude prices remain persistently high, both the RBI and the government will find themselves in a tricky situation if the Ukraine crisis does not settle down and, more importantly, crude prices do not come down. ◆

SANJAY BORADE

RAKESH JOSHI
rakesh.joshi@businessindiagroup.com

Perils of diversity

Factors like culture, control and independence of board members drive performance

Corporate governance trends, especially major global ones, tend to have repercussions and blowback that are little examined in the beginning. The current ESG trend is one and perhaps the hottest boardroom wave of the past few years has been DEI (diversity, equity and inclusion).

Whether diversity in boards benefits the company or not is arguable and evidence available is not supporting one or the other point of view. A recent analysis of 100 plus research studies examining the correlation between the number of women board members and enterprise performance shows only positive correlation with accounting returns – and nothing with competitive performance. According to a *Harvard Business Review* article, many other studies show no such correlation with performance and more diversity in boards.

We at Medici Institute had interacted with several board members across India and the Middle East on this issue of diversity in boards and performance, but we could not establish any guaranteed performance results, just because there were more women on board. It seems there are other factors than just diversity drives performance such as culture, control and real independence of board members. However, a diverse board has some major benefits, including better decision-making capability, more effective utilisation of talent, increased corporate reputation and improved investor relations.

We have noticed over the years that many boards get trapped into what we call 'group think', which occasionally blindsides them from taking the right decisions. This is definitely a mental block to avoid conflicts and arrive at consensus fast. This will deprive in-depth disciussions on matters that matter. Directors with diverse backgrounds of gender, caste, experience, etc, can independently bring in perspectives that can facilitate better decision-making.

Diversity and inclusion lead to different personal characteristics that trigger dissimilar thinking, leadership style, varied risk appetites and emotional intelligence. Creative solutions will be an outcome and better oversight, another. As more and more enterprises are competing globally, board members need to understand diverse requirements of stakeholders, including the varied needs of customers. Besides, analysts globally will check if the DEI norms are followed by the enterprise and this will have a bearing on the market perception. Regulations will also demand compliance on this front. A board that is balanced in diversity and inclusion can deliver all these expectations better.

The identity of the country/business culture notwithstanding, there always seems to be an 'in' group that makes up the boardroom elite. They sit on boards together, invest together, serve in government together, and probably golf together too. In the US and most other western cultures, these are from the 'pale, stale, male' cadre, but we are sure every country, culture and society is likely to have a similar boardroom demographic. This group is usually not representative of their society or stakeholders as a whole – typically with more men, older, and certainly with higher income. That the government is not helping things get any better by delaying the regulatory reforms such as the one proposed by the Kotak panel.

Dr M. MUNEER

RALPH WARD

Board diversity demands are shaking up this cozy group rapidly (more so in India, where families are powerful business lobbyists with policy-makers), often through regulatory or stock exchange quotas. Younger folks, women and more diverse prospects are being named to the world's boards faster than ever before.

This is where the unintended consequences mentioned earlier come in. These fresh board candidates bring many assets and talents to the board, such as fresh thinking and the latest tech and market insights. What they don't bring is boardroom experience. This new board cadre includes many board first-timers. They are still at a career notch, where the term 'board of directors' seems like a distant, sort of scary Mount Olympus, where they don't belong.

Even the sharpest new board members will be ineffective if you set them up for an Imposter Syndrome, so it's time to rethink your board orientation programmes. Too often such orientation sessions still consist of giving the newbie a pile of paperwork, a few contacts, and saying 'Let us know if you have any questions'. Try a broader 'affirmative action' orientation plan for unconventional candidates. These prospects don't know what it is like to sit at the big table, how board members interact, what their duties are as a director, or how they should work with executive management.

It will be wise to assign a mentor to familiarise the novice. Walk the new director through a mock board meeting. Arrange briefing discussions with the chair and the CEO, and also have them introduce themselves to other members. Your heads of finance, marketing, legal and HR should also brief the new director. If possible, invite the candidate to sit in on a board meeting before formally joining the board, and also in some committee meetings. Ask yourselves what you wish you had known before your own boardroom debut. ◆

M. Muneer is MD, CustomerLab and co-founder, Medici Institute, a non-profit organisation. Ralph Ward is a global authority on boards; both of them drive board alignment for corporations. Contact: Muneer@mediciinstitute.org

Fuelling profit

Gujarat's largest miner is taking all the necessary steps to pursue a sustainable path in the coming years

Ahead of its golden jubilee year, Gujarat Minerals Development Corporation is in a makeover mode. A look at the state PSU's portal provides a clear indication of its intention. There are ads for environment expert, power expert, silica sand expert, bauxite expert and cement expert. Currently, it draws income largely from lignite and, to some extent, bauxite, and power, both thermal and non-conventional. Incorporated as a state PSU in May 1963, GMDC is serious about flexing its muscles as the state's only mining and mineral company.

It wants to expand its lignite business, expand its footprint in other minerals and also explore opportunities to diversify into other related sectors as part of its aim to become a more meaningful player in mining and related areas. Currently a carbon emitter, pursuing non-lignite businesses will also help it in lowering its carbon footprint in the coming years.

A new leadership team has been put in place since June 2021, to take forward these initiatives. Rajiv Kumar Gupta IAS, 1986 batch, who is also the additional chief secretary, Industries and Mines Gujarat, was brought in as chairman. Roopwant Singh, IAS, 2003 batch, has been brought it as its managing director. Singh also serves as Commissioner, Geology and Mining Department.

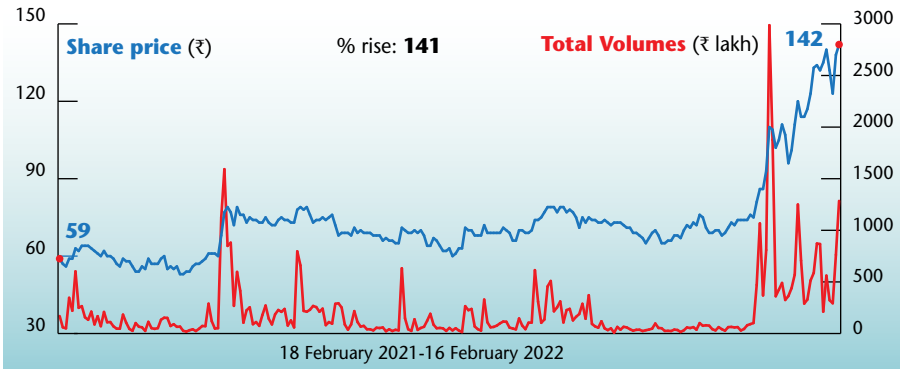
Amongst the several initiatives taken by the leadership team, has been the appointment of The Boston Consulting Group for developing its future strategy. Currently, the company is the largest merchant supplier of lignite in the country. The biggest, of course, is NLC (formerly Neyveli Lignite) but it is now more of a power company with lignite being used as a fuel. NLC has an installed capacity of 6,061 MW (as on 31 March, 2021) with a consolidated turnover of close to ₹10,000 crore.

In 2005 GMDC had also ventured into setting up the Akrimota Thermal Power Station (2x125MW) in Kutch, using the its mined lignite as fuel. The units were commissioned in 2006 and 2007 respectively. However, the plant has been incurring losses and has been a drag on the company's profitability. In FY21, the plant operated at a capacity of under 20 per cent. The management, as a means of prudent accounting practice, in FY21 took a hit on its profitability by writing off ₹396 crore as an impairment loss. As a result, GMDC reported a loss, at least for the first time in the last two decades. Neither the thermal plant nor its wind farms with an installed capacity of 200 MW, yielded any appreciable returns. In FY21 the thermal plant was running with a PLF of 16 per cent and the 5 MW solar plant had a capacity utilisation of 14 per cent. Lignite was the only profitable sector. In FY21 it sold 60 lakh MT of lignite from its five mines. Sales of bauxite from its nine deposits in Kutch and Dwarka were 3.89 lakh tonnes.

Change in performance

Given its mediocre working till recently, the company's shares were not fancied by the investors at large and were languishing between ₹50-70 over the last two years. A very small portion of its equity, 2.5 per cent, is held by FIIs. MFs hold 7.48 per cent while individuals have a little more than 10 per cent.

In the nine months of FY22, there was a noticeable change in the performance of GMDC. The total income, at ₹1,792 crore, was twice that earned in the corresponding nine-month period in 2020-21 and exceeded the income of a little under ₹1,500 crore earned in FY21. PBT was ₹312 crore as against ₹1 crore in 2020-21. PAT was ₹228 crore. EPS was ₹7.17 as against ₹4.57 in the nine-month period of the earlier year. The nine months' performance was, to a large extent aided by the performance in its third quarter which



Looking beyond lignite

Roopwant Singh, IAS, MD, GMDC talks to **Daksesh Parikh** on the growth strategy and the diversification plans being put in place for the corporation

What is the strategy that you plan to pursue for GMDC?

Our name is Gujarat Mineral Development Corporation. Over the years we have become Gujarat Lignite Development Corporation. We have to restore our status as Gujarat Mineral Development Corporation. We plan to do two things: one is to deepen lignite because that is an assured market as there is a thriving SME sector in Gujarat whose demand has to be met. The second is to look beyond lignite. To deepen lignite, we have five existing projects by which we are able to meet 25-30 per cent of the coal and lignite demand of Gujarat. We want to ramp up production and probably occupy 30-35 per cent market share with the existing projects. We have six allocated blocks of lignite which were languishing for the last five years; we want to get them into operation very quickly in the coming one to two years and then probably capture 50 per cent of the Gujarat market. As far as our plans of looking beyond lignite are concerned, we are looking at several other businesses and at least half of our revenues should come from non-lignite businesses. These are the two things that would drive us.

What are the plans for other minerals?

We plan to turn the cost centres at the other minerals being mined from negative to positive. We have auxiliary minerals, silica sand and limestone. We plan to enter into some value addition relationships and take this forward. There is decent money there. We are on-boarding experts and are building a new team to help us do this.

Are you planning to get into cement also?

We have a resource. We would not be setting up a cement plant but we are open to partnering with someone who is and we can give an assured supply. That would be our plan. There is a locational advantage in dealing with someone who has both resources, fuel and limestone.

Are there enough resources to meet the requirements of cement manufacturers?

Actually, in Kutch, we had an auction a few years ago. Four big parties are setting up a cement plant. Shree, JK, Adani – all of them are setting up plants in the same area and we have resources and locational advantage.

What were the problems encountered in FY21?

How did you effect a turnaround?

Last year, the management took an impairment loss on our power plant which was not running well and was burning cash every day. Production had slipped, Marketing was getting weak. We were not able to retain our relationships, so production at our auxiliary plants was also down. What we have done is to take a cost-centric approach and start improving slowly. We started checking up each cost centre. All our lignite projects which were found to be negative cost centres were made positive. Now, we are going to make metal (largely bauxite) as our centre and focus attention on it to make it positive.

Your powerplant is a big drag on profitability. How do you plan to address this?

Our power plants are operating at low capacity. To address this, we are doing two to three things. We have on-boarded AT Kearney to help us in making strategic decisions for improving capacity utilisation and to stop haemorrhaging. In the past six months we have cut daily losses which were in the range of ₹18-20 lakhs a day. At the moment, we have taken the decision not to sell it. In case, we do have to sell it, we will improve the performance, turn it into a profitable asset and later take a strategic decision. We are the largest merchant sellers of lignite.

What is the pricing strategy you follow for lignite? Do you fix it six to 12 months in advance?

For the past five months, we have adopted a dynamic strategy. Our location cycle is 15 days; so, every 15 days we take a look at how each project is doing, what is the demand for it, which customer categories are responding better. We have a dynamic pricing strategy. It may remain the same too.

What is the problem with bauxite? Do you have two grades of bauxite?

Yes. Plant grade and non-plant grade. We were not able to sell our non-plant grade. We have a huge stock of 11 lakh tonnes, so what we have done in bauxite is to let marketing and sales drive the show. In lignite, production is driving the show. Our first priority is to slow down the mining pace but our priority is to offload existing stocks. We are working on getting our bauxite sales mechanism in place.

saw an all-time record high quarterly income and profit being posted.

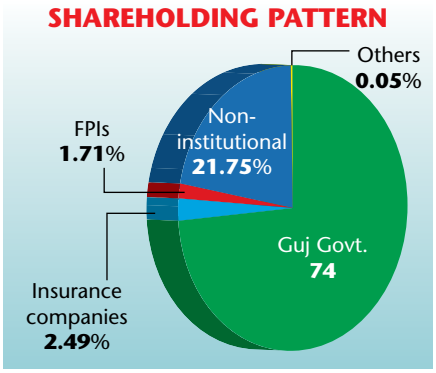
One reason for the improved performance was the higher demand for lignite emanating from MSMEs, including ceramic manufacturers, foundries, textile processing units as also the large captive powerplants of some companies in Gujarat. The higher demand was also accentuated by the sharp rise in the prices of imported coal from Indonesia and Australia. The absence of coal mines in Gujarat also makes getting domestic coal from other states a costly affair. Many SMEs which can use blended fuel find lignite a good substitute despite its lower calorific value ranging from 3200-3400 kcal/per kg which is more than 50 per cent lower than imported coal. As a result, more lignite is required to compensate generating the equivalent fuel from imported coal. Lignite is transported by road through trucks. GMDC sales are direct sales and prices are declared every fortnight. "The company follows a dynamic pricing policy," points out Singh. There have been monthly price hikes since August. While sales in quantity during the third quarter have gone up by 72 per cent, the total income has gone up by 128 per cent, Roopwant Singh explained to analysts soon after the declaration of the quarterly numbers.

The company has added 600 new

customers to its existing 600 customers and it was able to raise output from its open cast lignite mines as also from the six new blocks which were brought into operation. Captive powerplants are the biggest consumers of GMDC's lignite. Sanghi Cement, which is next to GMDC's mines in Kutch, is the biggest. Other consumers in this area include UltraTech, Ambuja and Atul in South Gujarat. Brick manufacturers also use lignite to fire their kilns.

The six new blocks would require an initial capital outlay of ₹250 crore per block for development. Singh says: "Our strategy is to deepen the existing business of lignite and over a period of time look beyond lignite so as to build at least 50 per cent income from non-lignite businesses. To deepen lignite, we have five existing projects which are able to cater to 25-30 per cent demand of the state. We want to ramp up production to occupy 30-35 per cent market space with the existing projects. We also have six allocated blocks which were languishing. We want to get these into operation very quickly in the coming one to two years progressively and capture 50 per cent of the Gujarat market."

"The lignite miner is currently focussing on six new lignite projects and is leveraging the buoyancy seen in lignite prices this fiscal as several new and old customers source lignite from GMDC," says S Ranganathan, Head, Research, LKP Securities. "Environment clearance for Tadkeshwar mines (near Surat) will help the miner increase the output substantially, going forward. A day before going to press, it was learnt that the Union Ministry of Environment and Forests, has given permission to GMDC to mine upto 135 metres from the surface as against the earlier permission of 94 metres. The South Gujarat Textile Processing Association, one of the large consumers of lignite, welcomed the decision. A major proportion of customers are based in and around Surat in South Gujarat.



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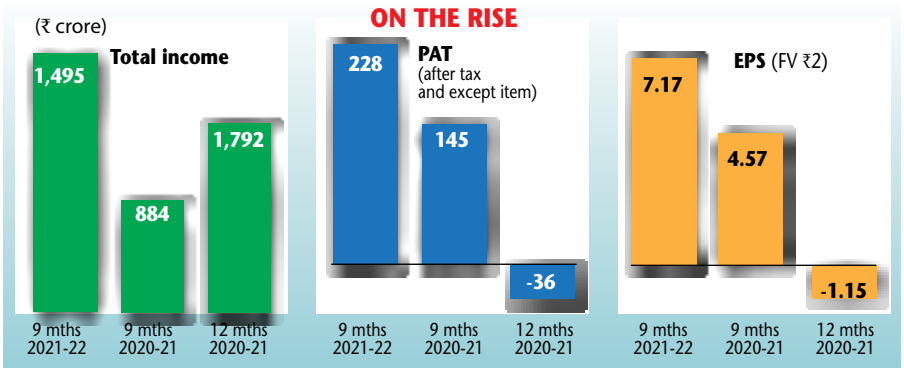

Upward spiral

The market seems to have taken cognisance of the work in progress at GMDC. The shares, which were languishing in the range of ₹55-75 during the first part of the year have been on an upward spiral since December 2021. From the 70s level in December, it has doubled to record a 52-week high of ₹152 on 16 February. The market cap has likewise doubled to ₹4,300 crore.

It is not just the current performance which has seen the stock being rerated. The appointment of an advisor for the powerplant has enthused investors. "The powerplant can certainly be turned around," says Nitin Shukla, independent director on GMDC's board. Shukla had earlier worked with Shell in developing the LNG led port at Hazira, Nirma, and Torrent Power. While AT Kearney has yet to give its decision, other experts also feel that the powerplant assets can be utilised better if renegotiations are entered into with the state power and transmission utility on the power purchase agreement. Power players, including Tatas and Adani have been allowed and there is no reason for the same government arm not to renegotiate the PPA with GMDC.

The turnaround of the power plant will be a big plus for GMDC even if some investments are required to make it future-ready. Investments in wind farms and solar will help GMDC generate a substantial income stream. While Singh does not want to second guess BCG's strategy, he feels that GMDC can aid in mining rare earth in the state. It is also planning to expand its presence in the silica sand business, which was incidentally the first business embarked on by GMDC when it was started. Given the huge amount of limestone deposits in its mining area, GMDC is open to partnering with companies to look at getting more value-added products. While not getting into the production of cement, it is open to tying up with cement companies. Given the huge limestone resources and easy availability of fuel in the form of lignite, GMDC is hopeful of getting a few large cement manufacturers interested. Kutch, incidentally, has a high amount of limestone. Other metals which it plans to explore and mine are magnesium as also copper and zinc, near Ambaji. GMDC is also looking at pursuing rare metals and making Gujarat the rare earth capital of India.

Singh does not want to commit any numbers ahead of getting BCG's report. However, he is hopeful of taking GMDC on a sustainable growth path. The Gujarat government has given its IAS officers in charge of running its state PSUs considerable autonomy; empowerment with accountability. And that is the reason for its state PSUs competing with the best. Progressive political will and empowered administrators' policy set during PM Narendra Modi's time, when he was the chief minister, has worked well for PSUs. GMDC will hopefully also benefit from the new leadership team put in place. ◆

DAKSESH PARIKH
daksesh.parikh@businessindiagroup.com

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Sunny side up!

Doshi: well positioned to capture the growing demand

With a 14-year strong foundation, Waaree Energies is set for a new phase of its journey in solar power

Circa 2007. Ambitious entrepreneur Hitesh Chimanlal Doshi with fire in his belly was exploring new business options. He was already into the instrumentation and selling hardware business. He came across a solar panel stall at an exhibition in Hamburg. What impressed him was the fact that North Germany, with just 135 sunny days, was already into solar power. He wondered – what prevents sunny country India from making it big? Doshi started working on it and tied up with Dwyer Instruments (US) and Keller (Switzerland) and so on. Thus was born his first unit at Surat SEZ. Subsequently, he set up the first EPC unit, a 12 MW plant in the Amreli district of Gujarat.

Doshi, hailing from Tumki village in Maharashtra's Akola district, did his SSC from neighbouring Waaree – the name that he retained for his company. He set out for Mumbai for further studies and completed his BCom from Mahavir Vidyalay in Andheri – the college has a record of producing many chartered accountants. But Doshi started his business in the second year of his degree course in 1986-87 by borrowing ₹5,000. "In those days my requirement, as a bachelor, was limited and I must have made some ₹25,000 a year," he says, recalling his first earnings as an entrepreneur. Today he sits on an over ₹2,000 crore business.

Waaree Energies Limited has now emerged as one of the major players in the solar energy industry in India focused on PV (Photovoltaic) module manufacturing, with an installed capacity of 2 GW, enjoying a market share of 24 per cent out of a total enlisted capacity as per the Approved List of Models and Manufacturers (ALMM) for solar PV module manufacturing in India. The company is now expanding with an additional 3 GW module manufacturing capacity that is expected to be operational by the end of fiscal 2022.

"We believe that our 14 years of experience, deep market penetration together with significant expansion plans for our module manufacturing as well as backward integration into the manufacturing of solar cells, enable us to be well-positioned to capture the growing demand for solar energy products domestically and internationally," says Doshi, CMD of Waaree Energies Limited.

Asked about the journey so far, he says the company survived the Lehman Brothers crisis, the slide of PV costs, the Chinese competition and the slow pace with which the solar power industry grew in India. Today, it sounds like an idea whose time has come and Waaree is already on its path of brisk progress. He is happy that the government is moving in the right direction and FM Nirmala Sitharaman's Budget 2022 has given it a new impetus. She made an additional allocation of ₹19,500 crore for production linked incentive (PLI) for the manufacture of high efficiency solar modules to meet the goal of 280 GW of installed solar power by 2030.

The growth story of the solar sector in India started with the commissioning and operation of 15 MW of solar PV pilot projects between 2008 and 2009. Later, with the introduction of the NTPC Vidyut Vyapar Nigam Limited (NVVN) scheme under the National Solar Mission (NSM), which allowed bundling of solar power with cheaper thermal power, solar capacity allocations have picked up pace.

Stringent guidelines

By March 2012, India had reached close to 1 GW of installed capacity, with projects providing satisfactory generation performance along with timely receipt of payments from both NVVN and the discoms of Gujarat. The bidding guidelines became stringent to avoid commissioning defaults by successfully bid projects and to ensure the entry of only serious players.

In 2014, the government set the target for achieving 175 GW of RE (renewable energy) by December 2022 in India, with a major focus on solar

energy (100GW by December 2022) and wind energy (60GW by December 2022). Other RE sources that include small hydro projects, biomass projects and other renewable technologies have to be ramped up to 15 GW by December 2022.

CRISIL Research expects 62-64 GW of solar capacity additions over fiscals 2022 to 2026 as compared with approximately 36 GW over fiscals 2015 to 2021. Growth in capacity additions will be driven by support from government which has outlined an aggressive tendering roadmap and has followed it so far.

CRISIL forecasts approximately 8-9 GW of projects to be commissioned under the solar rooftop segment over the next five years (2022-2026), mainly led by the commissioning of capacities of 1,000 MW by the Solar Energy Corporation of India (SECI); capacities allocated by state governments (up to 1,500-2,000 MW); commissioning of 1,000-1,500 MW of capacities by government institutions such as metro, railways and airports; and 3,500-4,000 MW of capacities to be added by industrial and commercial consumers under net/gross metering schemes of various states. Further, the ministry's approval to allow net-metering up to 500 KW will give a much-needed fillip to the sector leading to an increase in demand for rooftop installations. MNRE (Ministry of New and Renewable Energy) provides financial assistance for all rooftop projects constructed by the residential category of consumers: 70 per cent for special category states and 30 per cent for other states. Solar power can act as an alternative for states with high load-shedding such as Tamil Nadu, Uttar Pradesh and Punjab, which are also served by diesel generator sets, as well as rural areas with a poor grid.

Mehta: strong performance

Solar energy accounted for 28.50 per cent of the renewable energy basket (including large hydro) as of March 2021. Growth in the solar power sector over the last seven years has been robust, with as much as approximately 36 GW capacity being added in the segment over fiscal 2015-2021 at a CAGR of a staggering 48.46 per cent, although on a low base.

Combating climate change

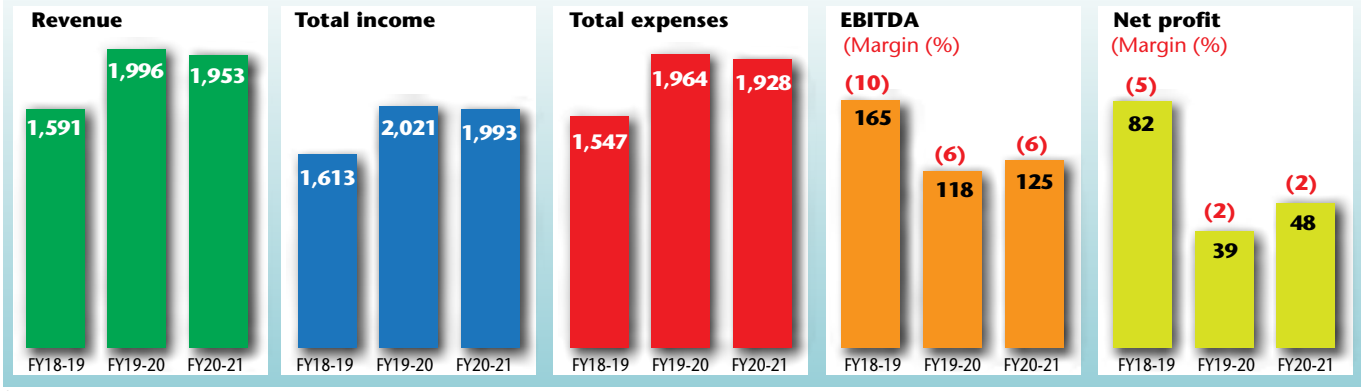
As per the government target of 100 GW of solar energy by December 2022, 40 GW is proposed to be added under rooftop-based solar systems. However, till March 2021, only approximately 7 GW of rooftop capacity is estimated as installed, with approximately 2-2.3 GW estimated to have been added in fiscal 2021 as against approximately 2.5 to 3 GW of ground-mounted solar projects in the fiscal year.

The government has laid significant emphasis on combating climate change. It launched the National Action Plan on Climate Change (NAPCC) in 2008, which includes an eight-pronged strategy – NSM, National Mission for Enhanced Energy Efficiency, National Mission on Sustainable Habitat, National Water Mission, National Mission for Sustaining the Himalayan Ecosystem, National Mission for a Green India, National Mission for Sustainable Agriculture, and National Mission on Strategic Knowledge for Climate Change. The government has laid considerable emphasis on solar power in particular – its target to install 175 GW of renewable energy capacity by December 2022 includes 100 GW from solar.

Safeguard duty (SGD) which was imposed in July 2018 on import of solar cells and was applicable until July 2021, is being replaced with the significantly higher basic customs duty (BCD) of 40 per cent on solar modules and 25 per cent on solar cells, commencing 1 April, 2022 (source: CRISIL Report). The imposition of such high BCD on imported solar cells and modules is expected to significantly improve the competitiveness of Indian cell/module manufacturers.

Waaree is one of the manufacturers in India on the ALMM as released by the MNRE. The company has applied to the IREDA for approval for setting up manufacturing facilities under the PLI scheme, which aims to promote manufacturing of high efficiency solar PV

FINANCIALS (₹ crore)



Source : DRHP

The company is one of the largest rooftop segment players in India

modules in India and reduce dependence on imports in renewable energy. The financial outlay for the PLI scheme is ₹4,500 crore over a five-year period and is aimed at increasing domestic production by 10 GW.

Marquee customers

"We have, over the years, developed a wide customer base," says Virenkumar Chimanlal Doshi, one of the promoters and a wholetime director. In fiscals 2019, 2020 and 2021, Waaree's top 10 accounted for 51.61 per cent, 42.62 per cent and 42.78 per cent, respectively, while the largest customer accounted for 16.95 per cent, 9.23 per cent and 14.07 per cent, respectively, of its total revenue from operations in such periods.

Doshi, younger brother of Hitesh, oversees the company's engineering, procurement and construction projects and explains: "We have, over the years, established strong relationships with a large number of marquee customers across India and globally. Our utility and enterprise clients in India include ReNew Power, ACME, Hero Solar, Mahindra Susten, Essel Infra, AMP Energy, Sukhbir Agro Energy, Solarworld Energy and Rays Power Infra. In addition to our large utility and enterprise customer base in India, we have successfully developed a strong customer base globally and our products are sold globally, including to customers in the United States, Canada, Italy, Turkey and Vietnam. Our international clients include Central 40 and Novel Energy. In addition, we also manufacture Merlin flexible panels for sale to Merlin Solar Technologies."

Waaree has recently received two large contracts, for approximately 1,000 MW each, from ReNew Power and another solar energy project developer in India, which are expected to make a significant contribution to the results of operations in fiscal 2022 and fiscal 2023.

To reach out to end users such as residential, commercial, and industrial consumers, local contact is very important, particularly for those consumers who accept solar products. With increased awareness, more and more consumers are showing interest in solar installations. The distribution channel partner helps in reaching out to consumers as well as informing them about the new technology. The end user generally does not have any technical knowledge of complex products such as modules and hence has very little say in the selection. However, through a known partner, consumers can be convinced to a large extent and such networks utilised for enhancing consumer reach.

Waaree Energies has over 350 unique franchisee networks across India. This model differs from dealerships or distributorship of products. These are exclusively tied-up traders which help in end-to-end product plus service. They help in reaching last mile connectivity and in increasing consumer awareness about various offerings in residential and C&I (commercial and industrial) consumers, specially in tier-1 and tier-2 cities. Vikram Solar has a distribution network connecting more than 40 cities, ensuring the availability of solar products and solutions across 600+ locations pan-India. Similarly, Adani solar has retail distribution of its solar panels in seven regions, with over 500 cities across the country, says the CRISIL report.

"We have made significant investments in terms of training, resources and support provided to our franchisees over the years and developed strong relationships with these franchisees. Our extensive franchisee network across India increases the visibility and reach of our products through direct customer interaction and distribution by such franchisees," explains Hitesh Doshi. This deep penetration across metros, large cities, towns as well as rural areas developed over several years presents significant entry barriers for other players in penetrating the rooftop and MSME customer segment.

Waaree's revenue from operations has grown at a CAGR of 10.79 per cent from ₹1,591 crore in fiscal 2019 to ₹1,952.7 crore in fiscal 2021, while net worth has grown at a CAGR of 15.94 per cent from ₹256.4 crore in fiscal 2019 to ₹344.6 crore in fiscal 2021, despite the impact of the Covid-19 pandemic in fiscal 2021. "We believe we have prudently utilised our resources, which has enabled us to fund our expansions through a mix of internal accruals and debt. We believe that our strong operational and financial performance will allow us to take advantage of the growth opportunities in the solar energy industry in India," says Hitesh Pranjivan Mehta, whole-time Director and CFO of Waaree Energies.

"Our focus on continuous efficiency improvements, improved productivity and cost rationalisation has enabled us to deliver consistent and strong financial performance," says Mehta, a qualified chartered accountant with more than 22 years of experience in the field of engineering, solar and oil industries.

Waaree has three manufacturing facilities – Surat, Tumb and Nandigram in Gujarat – and is in the process

of setting up a fourth one at Chikhli in the same state where the company is part of the expansion plans for PV modules and backward integration into solar cell manufacturing, says Mehta. This will help reduce dependence on imported solar cells and third-party suppliers in India. Backward integration in the manufacture of solar cells is a significant eligibility criterion to qualify for the benefits under the PLI scheme which requires that the modules are manufactured with domestically manufactured cells. This will also help mitigate the impact of the basic customs duty of 25 per cent on imported solar cells proposed to be imposed by the GoI with effect from April 2022. Waaree has also applied to IREDA to qualify as a manufacturer for setting up manufacturing facilities for high efficiency modules under the PLI scheme. Once the IREDA approval is received, it will set up an additional 2 GW high efficiency module manufacturing facility at Chikhli or another location yet to be decided.

SEBI nod for IPO

To part finance the expansion, Waaree Energies Limited is going public. It has already received the market regulator SEBI's nod for its IPO and the dates and price band will be decided in consultation with the managers to the issue – Axis Capital Limited, HSBC Securities and Capital Markets (India) Private Limited, ICICI Securities Limited and Intensive Fiscal Services Private Limited. The IPO comprises fresh issue of shares worth ₹1,350 crore, and an offer for the sale of up to 4,007,500 equity shares by the company's promoters and existing shareholders. Of the fresh issue proceeds, ₹910.31 crore will be used for the solar cell manufacturing unit and ₹141.24 crore for the solar module facility. The remaining proceeds will be used for general corporate purposes.

Waaree has various national and international certifications such as ISO 9001:2015, ISO 14001: 2015 and ISO 45001:2018 in place. The facilities are regularly audited by a reputed quality audit firm. It has also received Tier-1 rating from Bloomberg New Energy Finance in fiscals 2018, 2019, 2020 and 2021.

Waaree Energies has over 350 unique franchisee networks across India

The company is one of the largest rooftop segment players in India with a pan-India network of 388 franchisees focused on the rooftop and MSME customer segments. CRISIL forecasts approximately 8 GW to 9 GW of projects are estimated to be commissioned under the solar rooftop segment over the next five years.

"We are in the process of identifying and training a large community of local electricians and construction and installation contractors who can promptly and efficiently support our franchisees with the installation and maintenance of rooftop solar panels," says the younger Doshi. "We believe our experience in the retail and MSME segment through our franchisee network, together with our strong localised, ground level penetration across India, will continue to act as a strategic entry barrier for most of our competitors as well as for Chinese imports in the retail segment."

CRISIL says with the decline in the prices of solar modules, the tariffs of solar power have fallen. In fact, solar power has scored over coal-based power in terms of competitiveness of tariffs. The weighted average tariffs for bids conducted in fiscal 2019 were awarded at ₹2.7/unit while in fiscal 2020 the weighted average tariff increased to ₹3.2/unit on the account of the tariff for wind-solar storage capacity allocations with awarded tariffs above ₹6/kWh. Further in fiscal 2021, the lowest bid tariff reached ₹2/kWh. With declining solar PV module prices, improvement in solar PV technology and increasing coal prices, the price advantage of solar over coal is expected to widen further. This will drive the demand for renewable energy.

Post Covid, the world is looking for China Plus options and India is well placed to meet this challenge, the senior Doshi says, as Waaree plans to continue to expand its export sales. Compared to direct module sales to utilities and enterprises segments, module exports tend to have better pricing terms and profit margins.

"We also intend to leverage our high-quality products and manufacturing capability to meet the increasing global demand for solar capacity additions and take advantage of various international policies including tariffs and antidumping duties on solar cells and modules produced in China by key export markets such as the United States, making us more cost effective and increasing demand," he says and discloses that Waaree plans to expand the international customer base, particularly in regions such as North America, South East Asia and the European Union with high technology products such as flexible modules and floating solar modules.

Thus, Waaree is all set to take the big plunge and cash in on the sunshine industry. ◆

LANCELOT JOSEPH
lancelot.joseph@businessindiagroup.com

Leadership initiatives

Plywood major Greenply is foraying into MDF to strengthen its future growth

PHOTOS: SAJAL BOSE

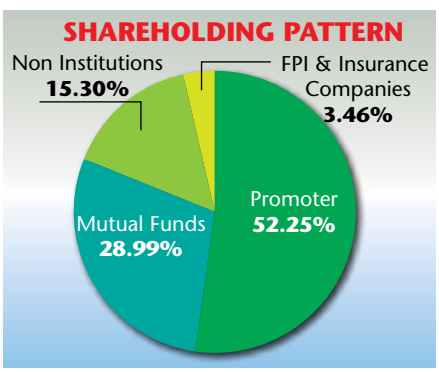
Mittal: eventful journey

The wood panel industry has witnessed a significant transformation in India since the late 70s when solid wood ruled the furniture market. First, usage of solid wood was gradually replaced by plywood, which is most versatile and economical and adopted by the mass market. Subsequently, large, organised wood panel manufacturers have increased their portfolio in allied products to offer holistic solutions in terms of durability, aesthetics and affordability for home, offices and commercial spaces. MDF (Medium Density Fibreboard) is the popular product for the modern furniture market and is changing the rules of the game. However, 85 per cent of the population still consume plywood due to its inherent strength.

Kolkata-based Greenply Industries Limited is among the top two plywood manufacturers in the country and has been strengthening its market in the burgeoning housing and infrastructure sector. Greenply offers a comprehensive range of plywood, block boards, decorative, veneers, flush doors, and other allied products. As much as 97 per cent of the company's requirements are sourced from plantation timber, it informs.

The ₹1,165 crore Greenply has quietly consolidated its position as numero uno. Even in a downturn market, when the industry struggled to stay afloat, it was in the forefront of making its products competitive through several initiatives and retained its market position and customer trust. The guesstimated panel wood market in the country is ₹39,000 crore of which plywood and allied products constitute ₹22,500 crore. But 75 per cent of the plywood market is in the hands of unorganised players. Centuryply is the other large player in the segment. Both Greenply and Centuryply have an equal market share and together they control more than 50 per cent of the organised plywood market. "Our strong brand recall, innovative quality, connect with customers and multiple plant locations give us the edge in the segment," says chairman and managing director, Rajesh Mittal.

Looking at the market trend and the future growth potential in the segment, Greenply is now entering into the MDF segment. It is setting up a greenfield project at Vadodara district in Gujarat with an investment of ₹555 crore which is expected to be commissioned by March 2023. Funding is done



through internal accruals and bank loans. Spread across 75 acres, the automated plant from Siempelkamp in Germany will have the capacity to produce 800 CBM per day and can manage with 300 engineers and a few workers on the shop floor. It will produce a thickness ranging from 1.5 mm to 35 mm from eucalyptus, a common plantation species. Siempelkamp is a world-renowned system supplier of press lines and complete plants for MDF. It is strategically located near ports and national highways. Dahej port is 160 km from the site.

"Ours will be the first MDF plant in western India. This can cater to Gujarat, Maharashtra, Rajasthan and Madhya Pradesh. We can penetrate 60-70 per cent of these markets and will be 3-4 per cent cheaper without compromising our margins," clarifies Sanidhya Mittal, joint managing director and Rajesh Mittal's son who now regularly shuttles between Kolkata and the construction site to monitor the progress. Today, all MDF plants are traditionally located in Southern and North India where timber is available. Sanidhya says the Gujarat agroforestry belt already developed by the state will ensure easy procurement of plantation timber within a radius of 100 km from the upcoming plant. The company is also tied up with farmers and is developing its own nursery.

MDF is more economical than plywood and its usage is gaining traction as India's population is slowly shifting towards readymade furniture due to rising disposable incomes, rapid urbanisation and replacement demand. MDF is now a threat to the unorganised, cheap plywood market. The culture of ready to move in offices, retail outlets, with low-cost modular furniture and interior decoration is also gaining popularity. The other significant players in the segment are Rushil Decor, Pioneer Panel Products, Centuryply and Action TESA.

Sanidhya: entering the MDF segment is the natural choice

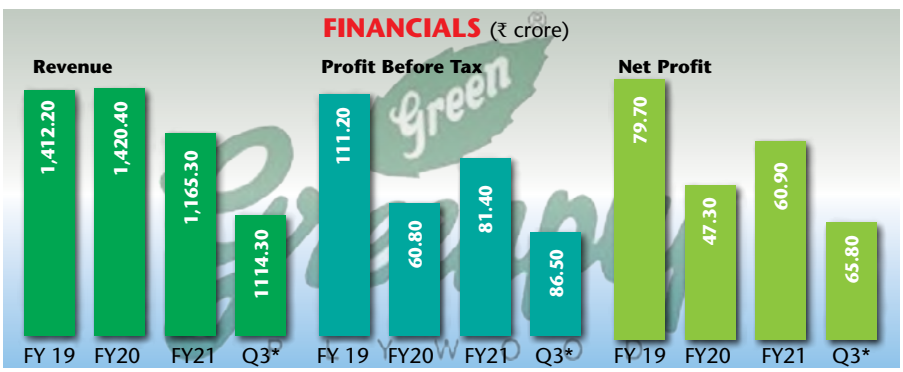
De-risking strategy

"The MDF industry is expected to grow rapidly due to its versatile application and this trend is here to stay," joint managing director & CEO Manoj Tulsian says. "This investment is also a de-risking strategy so that the company is not dependent only on the plywood business, which currently generates 85 per cent of the revenue. MDF will help us to capitalise on this long-term opportunity and establish our leadership in the western untapped market." Post pandemic the ₹4,000 crore MDF industry is growing. Also, the zero-import due to high logistic costs from China has helped the domestic industry. Once in full capacity, the plant will add ₹600 crore to our topline, adds Tulsian.

The seed of Greenply was sown in 1984 by Rajesh Mittal and his elder brother Shiv Prasad Mittal who set up a saw-mill. Later, it started peeling for core veneers and supplied to plywood manufacturers like Kitply, Sarda Ply and National Ply in Assam. The duo's experience in the business gave them the confidence to set up a plywood manufacturing plant in Tizit at Nagaland and later they started the second unit in Calcutta. The equity shares of the company were listed in 1995. Greenply Group gradually established multiple product portfolios in the wood panel segment.

As the family started growing and next generation was ready to take responsibility, in 2014, the Mittal-owned Greenply group in a quiet split separated its decorative division into a new company – Greenlam Industries. Under the terms of the amicable split, Greenply retained the plywood and MDF business, while the new company, Greenlam, got laminates, decorative and allied businesses based in Delhi. Greenlam, a listed company, is the market leader in the laminate segment managed by SP Mittal's elder son Saurabh.

Finally in 2018, the two brothers separated the business. The elder brother, SP Mittal, got the wood panel unit at Pantnagar consisting of MDF and plywood and has demerged into an independent company called Greenpanel Industries which is listed on the stock exchange. Greenply Industries came to Rajesh with three plywood-manufacturing units. Rajesh Mittal, 59, is the



*December 2021

Tulsian: strengthening the company's market reach

chairman cum managing director of the company and his son Sanidhya, 30, now in the cusp of emerging from his father's shadow is the joint managing director. "It was an eventful journey. We have seen many ups and downs in the industry but our innovative operational efficiency and cost optimisation have kept us ahead in the segment," recalls Rajesh Mittal sitting in his sprawling office near Alipur in Kolkata.

Talking about business separation Rajesh Mittal says: "Amicable and timely separation is always good for business. The decision-making is much faster now and that helps all stakeholders. Greenply is today growing from strength to strength." Greenply is now known to be a good employer. It has high-calibre team of professionals. For the first time, the company has appointed a CEO from outside the family. Tulsian, the 50-year-old CEO, brings multifaceted experience as he worked in large corporates like Kalpataru, VIP Industries and Gabriel India. He was roped in to take the business to a new dimension.

Greenply is one of the largest interior infrastructure brands in India. It has three manufacturing facilities located in West Bengal, Nagaland and Gujarat with a total production capacity of 24.9 million sq mtrs annually and one manufacturing unit of face veneer through a wholly owned subsidiary in Gabon in West Africa to meet its own need of raw material and serving the markets in India, Europe, Middle East and Southeast Asia. All the manufacturing units are compliant with the highest environmental standards, and are equipped with waste water recycling facilities and ESP to check emissions. No petroleum products or coal are used in the boilers.

Quality parameters

The plant at GIDC in Bamanbore is the company's largest integrated plant. It produces 3,800 sheets of plywood and blackboard, 700 sheets of specialty plywood and 700 units of doors per day with 4-press technology. Speciality plywood is for various usages in automobiles, railways to construction specific for building structures. From timber ponding to the final product, quality parameters are strictly followed in the manufacturing process.

The company sources part of its agroforestry eucalyptus timber from local farmers. It had set up a 10-acre nursery eight years ago, close to the plant. "We grow several species of eucalyptus saplings suitable for local conditions and give them to farmers to grow in their land. We buy them back once the tree is fully mature and can be cut. This generates a source of livelihood for them," explains Bhola Trivedi, vice president-operations.

Tulsian claims the company follows all ethical practices and sustainable processes in manufacturing. Plywood furniture, which emits harmful formaldehyde which, can cause serious health issues. Greenply is India's first plywood company that conforms to E-0 grade emission standards. Two years ago, it received a CARB certification from the USA, issued by the Environment Protection Agency. "The zero emission products aimed at safeguarding the indoor air quality reflect our aim to innovate and upgrade in line with the increasing consumer preference for healthy living," says Tulsian.

Catering to all consumer segments Greenply's presence in the luxury segment is marked by brands like Green Club 5 Hundred and Green Club Plus Seven Hundred. In the premium segment, the company offers brands like Green Defender, Green Gold and Green Gold Platinum. "We have a strong presence in the luxury or premium segment that helps our growth prospect. Green Gold and Green 710 are our highest selling brands and contribute to approximately 45 per cent of our total plywood business," says Subir Palit, country head, marketing and sales. Greenply has the Ecotec brand in the economy plywood segment and Bharosa Ply and the Jansathi brand in the mass plywood segment. "We need to improve our dealership strength from 1,650 at present to over 3,500. We are working aggressively towards that and this will include more penetration in the Tier I and Tier II cities," Palit explains.

Decorative veneers started to be manufactured in Bamanbore in 2018 with a production capacity of one-lakh sheets per month. Decorative veneer is mostly used for aesthetics and has a total market size of ₹1,200 crore. The company offers a wide range of decorative veneers under the brand names of Wood Crrests, Royal Crown, Kohl Forest, Burma Teak and Engineered Veneers. "Our products are made of exotic species sourced from across the globe. The customer can choose from 1,300 distinctive designs," says Shyam Shekhawat, business head, Decorative Panel.

NB Plywood has been the largest dealer of Greenply for the last 12 years. Nagesh Shenoy, who owns the dealership, says: "Greenply is a strong brand and has a large product basket to cater

to all segments of customers. The management is very transparent and allows the dealers to grow with the company."

Greenply has tightened the credit lines to its dealers. It replaced the earlier soft policy of giving an extended credit line to existing channel partners with a new, more disciplined payment cycle spread. This led to greater efficiencies and Return on Investment in the dealer system. Also, for new dealers, appointed mostly in the rural and Tier II/III markets, it has adopted an advance payment strategy. "All these exercises have helped us to improve the balance sheet. We have reduced our net debt significantly from ₹257 crore in FY19 to ₹119 crore in 9 months FY22. On standalone basis we are cash positive," says Gautam Jain, assistant vice president Strategy & Investor Relations.

The pandemic badly hit the unorganised plywood sector. Dealers who were buying from unorganised players started feeling the pinch as their supply line got choked. So, they felt it was better to stay with branded players and get seamless supply and services. Mittal believes the demand for plywood will always remain. "The challenge is to shift the volumes from unorganised to brand."

Greenply partly sources plantation timber from local farmers

Strong balance sheet

As the shift being witnessed towards the organised sector owing to brand and quality awareness continues, the company is increasing its capacity by setting up a new unit in Sandila Industrial Area, Hardoi, Uttar Pradesh, for manufacturing plywood and its allied products. This wholly owned subsidiary unit is in the proximity of principal raw material-agro forestry timber. This will serve the growing demand in northern and central markets of India. The company is investing ₹114 crore for an annual capacity of 13.5 million sq mt and this figure is likely to be reached by Q4 FY22.

"Greenply is a joint leader in India's organised plywood market. Revival in housing demand and the ongoing shift towards organised players are set to drive growth in the plywood division. The foray into MDF will add further to earnings from FY24. Sustained cost control and a tight leash on working capital are keeping the company's balance sheet strong," says Sneha Rungta, Assistant vice president, Edelweiss Securities.

Greenply is the first company engaged in an asset light or outsourcing mode. The company invested in two Bareilly units – Nemani Panels Pvt Ltd and Panchjanya Ply & Boards Pvt Ltd via equity participation to manufacture plywood, doors, film face plywood and allied products. The plant was set up according to Greenply's specifications and produces for the Greenply brand with its technical guidance. This has enabled the company to increase its revenue without incurring any additional capital expenditure. "We generate 10 per cent of our revenue from this JV. We are exploring some more JVs. In the future, we will have a mix of both our own manufacturing and outsourcing," explains Mittal.

"Greenply is a good company going places under the leadership of Rajesh Mittal and his team. We are the only two large companies in the organised market and enjoy healthy competition. Entering into the MDF space is the natural choice for Greenply," says Sanjay Agarwal managing director, Centuryply. "Unorganised players holding a large chunk of share in the industry. We organised players should now aggressively focus on to educate customers and bring them to the mainstream," he adds.

Greenply has reported net sales of ₹1,165.30 crore in March 2021 as against ₹1,420 crore in March 2020. The net profit rose to ₹60.09 crore in March 2021 from ₹47.3 crore in March 2019. "At the start of the fiscal, lockdown and various curbs imposed impacted growth," says Mittal. The market cap of the company is ₹2,465 crore while the current stock price is ₹200 a share on NSE. The promoter owns 52.25 per cent of the company, 28.99 per cent is with mutual funds, non-institutions hold 15.30 per cent and the remaining 3.46 per cent is with FPI & insurance companies.

The management is expecting better results in FY22. The company has achieved a gross turnover of ₹1114.30 crore for the nine months ended December 2021 as against ₹768.60 crore during the corresponding previous period. The net profit for the nine months till December 2021 increased to ₹65.80 crore against ₹32.30 crore in December 2020-an increase of 103.7 per cent.

In the next five years, Mittal expects plywood and MDF will run by independent CEOs. The company is also exploring the development of a third vertical, but are being tight-lipped about it.

Greenply has demonstrated its ability to move with the time. With immense brand value and established markets, the company will continue to retain its leadership position. ◆

SAJAL BOSE
sajal.bose@businessindiagroup.com

Mogli(x) is ready for a leap

Tata with Garg: a huge blessing

A special infrastructure vertical, a fintech platform and international foray indicate Moglix' future leaps will be higher

'Moglix' may sound like an unusual name for a company. But if you suspect that it has been derived from the iconic character in Rudyard Kipling's *Jungle Book*, you will have scored ten on ten. The founder of the Noida-headquartered start-up, Moglix, dealing with regular supplies to enterprises, infrastructure projects and now also supplying chain financing (basically B2B retail play) is clear in his mind: his business should eventually have the universal appeal of a character like Mowgli. "It had taken me more than two months to finalise this name. I was looking for a name which can readily establish our brand identity. Alibaba and Google are great brand names. And everybody knows Mowgli," says Rahul Garg (42), the CEO and Founder of the firm which had taken its first steps in 2015. The biographers of Jack Ma, incidentally, would also tell you that he had opted for 'Alibaba' as he felt it was a popular global name which nobody could forget.

Coming back to Moglix, Garg (an alumni of IIT, Kanpur and ISB, Hyderabad) firmly believes the entity he had set out to establish has reached its preteen stage and is all set to take a big leap. Since the beginning of its journey in 2015, the company has been in the news for having the legendary Ratan Tata supporting it individually as an investor which Garg says has been a huge blessing. "When I had gone to make a presentation, I was keener to get a photograph clicked with him than get the actual investment. That he agreed to invest was a double bonanza. He has been an icon for the manufacturing and technology businesses and he understood what we wanted to do," recalls Garg.

Apart from Ratan Tata's support which immediately put the company in the coveted list of extremely promising start-ups, there have been other developments which indicate the preteen Moglix may have well picked up the skills for long haul action. The launch of a special vertical for infrastructure, the addition of a fintech platform, the scaling up of the capital requirements of business partners in its ecosystem, and a decisive international foray, are indicators that as this Moglix grows in age, its future leaps will be higher. The company recently saw its valuation more than doubling as it touched $2.6 billion after series F funding around the end of January when it raised a further $250 million (a total of $470 million has been raised since its inception).

Extremely niche vertical

Industrial or enterprise suppliers with their own micro-verticals running into several product categories – this is an extremely niche vertical of B2B retail. When it comes to B2B new age retail business in the country, its operations consist of supplying to wholesalers from manufacturers. This best defines this growing retail vertical. In that sense, the segment where Moglix operates is not exactly in the front line of the B2B retail boom, as it is generally perceived. "The difference between a typical B2B retail player is that while he will be buying from Unilever and selling to the wholesaler, we are sellers to Unilever, helping them with their requirements at the manufacturing site," Garg, who had fumbled twice with start-up ventures before Moglix, explains.

And it becomes much smaller if the share of the handful of retail-centric organised players is taken into the consideration. "As per our estimate, the supply to enterprise business is currently over $35 billion in the country and is dominated by unorganised players. The share of organised players is small; there are only 12-15 noted names in this domain who are trying to make a mark. Nonetheless,

the opportunity is huge," says Anish Popli, CEO and Founder of ProcMart (backed by IndiaMART as an investor). He cites the example of the US based enterprise supplier Grainger (with over $11 billion yearly revenue) as the role model for several such companies cropping up in different parts of the world.

Analysts like Ankur Bisen, Senior Partner and Head (Consumer, Food & Retail) of Technopak pegs the market opportunity in this segment in India at a much higher level. "This can easily be in the range of $40-50 billion today," he specifies succinctly. The assumption of the enterprise supplies business being a multi-billion-dollar opportunity stems from the fact that the government created Government-E-Marketplace (GeM), to facilitate the procurement by government agencies of all kinds of goods and services from qualified vendors, and is talking of tapping $100 billion worth of transactions annually in the country. This includes procurement by the railways but excludes defence procurement.

"If you talk about the private sector procurement ecosystem in the country, a long credit period is a defining element where offline players (often small) have long been reliable partners of all kinds of enterprises," observers Akshay D' Souza, CMO, Bizom while emphasising that a clutch of technology-based platforms has begun making some preliminary marks with solutions more aligned to post-GST realities.

It is in such a scenario that Moglix, after its arrival in 2015, is trying for a higher jump. Garg, who spent five years with Google Asia where he launched the Advertising Exchange and was responsible for sales strategy (he was exposed to markets like China, Singapore and Japan) was convinced that India would soon be ready for niche B2B e-commerce verticals like enterprise supplies even as there were only initial but strong signals of the beginning of the juggernaut called the consumer e-commerce market in India around 2014. "Immediately after I came back, Flipkart received a large funding round of $700 million that signalled that the quantum leap trajectory may have begun playing out in the Indian ecommerce consumer market. I was sure about a similar opportunity ultimately evolving in B2B though it would no longer be in the form of just being a classified platform as was the preference for many players then," he adds. The result was the initiation of a platform which also got into the complicated supply chain or inventory management practice from the early stages, making swift corresponding changes with the disruptions caused by demonetisation, GST or Covid in the years ahead.

Starting mainly with tools and equipment suppliers to industries and manufacturing units, the company has significantly broadened its portfolio over the years and today boasts of over 700,000 SKUs in 50-plus categories across MRO, packaging and infrastructure. It has over 5 lakh SME units as part of its ecosystem and it manages 35 warehouses across the country. "70-80 per cent of our backend logistics requirements is taken care of by our own team. We partner with players outside of the company mainly for long-haul transportation," Garg maintains. The company claims to be supplying to 3,000 plants across auto, pharma, chemical, metals, FMCG, and other sectors and serving the top 700 manufacturing companies in the country. It is the first B2B commerce firm (aligned more with manufacturing plants) in the country which has touched the unicorn mark after nearly half a dozen rounds of funding, has a prestigious list of noted names on board and investors that include Falcon Edge Capital, Harvard Management Company, Accel, Jungle Ventures, Tiger Global, Sequoia Capital India and Venture Highway. Among the individual investors, Ratan Tata, of course, is the biggest name. However, there are also other leading names from different streams of businesses like Kalyan Krishnamurthy, CEO Flipkart; Vikrampati Singhania, MD, JK Fenner and Shailesh Rao (ex-Google).

Adding new growth drivers

Moglix, with its network and operational strength, had turned heads when the delta variant of Covid was raging last year, by ensuring supply of oxygen concentrators and other equipment from China in large numbers. However, recent years have also seen Moglix make its platform robust by way of new additions. For instance, to bring more focus to infrastructure and PSU clients, it has created a dedicated vertical. According to a company note, this is a dedicated business arm that enables supply chain solutions for the procurement of raw materials, consumables, and made-to-order parts to EPC companies in India and the Middle East (where Moglix has recently made a foray). Claiming complete ownership of the source-to-site supply chain for EPC construction projects and business, it serves some of the largest infrastructure and construction companies, energy companies, and oil & gas producers. "We decided to launch the vertical in 2020 because of the demand from customers. Most infrastructure sites are geographically dispersed and in non-metro locations. The firms working in those locations want reliable partners for the regular

MILESTONE

2015:
- Moglix was founded in 2015 by IIT Kanpur & ISB alumnus Rahul Garg.
- Seed raised from Ratan Tata and Accel Partners

2016:
- Series A funding with Accel & Jungle Ventures.
- A SAAS-based tax compliance application for manufacturing units

2018:
Ranked #1 in the Deloitte Tech Fast 50 Awards

2019:
Launches SaaS products for contract creation and analytics

2020:
- Launched new business lines, Infra & EPC
- Supplies 6 Million+ PPE to UK & Europe amidst Covid-19 crisis

2021:
- Joins the unicorn club after $120 million funding round
- Expands business to the UAE
- Acquires Vendaxo, a used machinery platform

Launches Credlix,

2022:
Valuation tops $2.6 bn with $250 million in Series F funding
Early investors see 80x returns on their investment

The company claims to be serving the top 700 manufacturing companies in the country

needs of their engineering and design teams working on site," says Abheet Dwivedi, Director (Infra & PSU), Moglix, while adding that the company wants to make the most of the capex push from the government vis-à-vis infrastructure. Technology entities like Infra.Market are also believed to be growing at a brisk pace in this segment.

In yet another critical move which largely panned out last year, Moglix first announced its foray in the supply chain financing space with the rollout of its digital platform Credlix. "Manufacturers have come to us saying they would like to scale up capacity but are stuck because of working capital issues. That gave us the idea of Credlix for entire supply chain financing," says Garg. And later in November, it opted for inorganic scaling up when it acquired fintech start-up NuPhi (founded in 2019). A trade finance fintech with particular focus on lending to exim oriented business, NuPhi's founder Pramit Joshi has been roped in to spearhead Credlix which now has a modest base thanks to the acquisition. It has touched credit disbursal to the tune of $100 million, supporting over 2,500 SMEs. "With the price of raw materials going up, the working capital requirements of enterprises, especially manufacturing SMEs have gone up in the post-Covid phase and that is the domain we are focusing on. We are working as co-lending partners with nearly a dozen banks, and NBFCs and textile, chemicals, auto-ancillary and pharma are major verticals for us," Joshi adds.

Meanwhile in July last year, Moglix also ventured in a new direction to further endear itself with manufacturing customers when it acquired Vendaxo (founded in 2017), an e-commerce platform for the buying and selling of used machinery. According to a company note, Vendaxo is a B2B e-commerce platform that provides used machinery liquidation solutions to MSMEs and large manufacturing enterprises such as Siemens, Arvind India, Marico, Raymond, and Torrent Pharma. India's used machinery market is estimated to be worth close to ₹64,000 crore.

Future Scene

With new growth levers activated, Moglix seems to be all set to tap many growing opportunities. Stakeholders are convinced that the growth of this niche vertical is a foregone conclusion and for the limited few in the fray, the mantra to make it big would be to play one's cards well. "While the growth in the business would multiply in the coming years, I would expect about a set of half a dozen players to emerge fast and occupy the top rung. They would particularly become popular among companies with over ₹100 crore turnover who would prefer sourcing from top vendors with seamless technology capabilities," observes Anish of Procmart. Interestingly, the absence of cutthroat competition or a price war means that existing players are cushioned from any untoward shocks. "There are two reasons for this. There still is an element of sanity when it comes to maintaining margins as the price war is absent. And secondly, we are also not a marketing driven company," admits Garg.

Analysts, meanwhile, have pointers to suggest that there will be more competition in the market. "I think existing brick and mortar suppliers will add a technology layer to their operations to keep their businesses intact. It will not be too difficult," says Akshay D' Souza. Ankur Bisen of Technopak believes that with the impulse buying element of B2C not being an integral part of this line of business, such platforms will take time to establish themselves. However, there will be some special attributes which would define the leaders among them. "There is no doubt that the segment holds a lot of promise for the future even as the buying decisions here are knowledge based. But the leading players in the segment in the coming years will need to become giant sales agencies for the community of small sellers attached to them. It will put them in a different orbit," he opines. Another interesting equation is: what if a giant platform

Moglix is the first B2B commerce firm in the country to become a unicorn

like GeM (refer to our story: Polishing the 'GeM' published in Business India, 23 August edition, 2021) after having made a decisive penetration in its mandated turf of ensuring procurement for government agencies, also turns its attention to incorporate the private sector and opens the platform for suppliers to connect with them? An idea for the future which has definitely crossed the minds of GeM top brass. "We are also a provider of products to GeM. It has become a fantastic doorway for us to supply to government agencies as it is a transparent platform. If it also includes the private sector, I don't know how that would work out," responds Garg.

The top brass of Moglix is convinced of a robust growth trajectory greeting its journey ahead given the fact of so many positive triggers for the segment. "In a geopolitical sense, it is going to be India's decade, with the world opting for China Plus One and India further elevating its position among the top economies of the world. There is so much which will happen in the EV, renewable and semi-conductor space supported by schemes like PLI. Just imagine the opportunity. We can become a five-million SKU company in the not-so-distant future," says he while adding that specific growth drivers like the fintech arm can well develop a loan book of ₹10,000 crore in the next two-three years.

Despite several rounds of funding by leading PEs and other investors, Garg, as the main founder and his key associates as well as employees still hold equity in excess of 20 (high 20s, he emphasises). And according to Garg, it is well on its way to reach a profitable mark in 12 to 18 months. Refusing to share details on the hard financial numbers, he however maintained that the company will end the fiscal with its revenue going beyond ₹1,000 crore which would mark over 100 per cent growth vis-à-vis the last fiscal's topline. According to an early report by a news agency, Mogli Labs, the holding company, had reported an income of ₹776 crore in FY21 as against ₹375.82 crore a year earlier. In the same period, its losses inched up marginally – from ₹78 crore to ₹81 crore.

IPO, meanwhile, is a while away. "We are probably a couple of years away from going for the IPO. Becoming profitable is our prime target and we would like to enhance our share in our customers' online procurement demand. We will not rush into the market," he says while further explaining that its decision of international expansion too would not happen in a hurry. This preteen Mogli(x) surprisingly, also seems to have learnt not to get carried away by unbridled enthusiasm. ◆

RITWIK SINHA
ritwik.sinha@businessindiagroup.com

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Rainbow rising

Kancharla: competitive advantage

Rainbow Children's Hospital is changing paediatric care for the better

When Dr Ramesh Kancharla, MD Paediatrics, MRCP-UK, gastroenterology, liver diseases and transplants, returned to India after a stint in the UK as a paediatric gastroenterologist, he wanted to utilise his knowledge and expertise to build paediatric specialty care in India. He realised there was an opportunity in Hyderabad for a children's hospital and was able to set up a 50-bed modern children's hospital with facilities including ICU services under the name Rainbow Children's Hospital (RCH). So, along with a few friends who had been trained abroad and agreed with his philosophy of full-time consultant-led services as a team, he led and established one of the largest paediatric hospital chains in the country.

For Kancharla, children's health has always been close to his heart. "I came from an agricultural family in a remote village, the fourth of a family of seven children," he reminisces. "My father wanted me to be a doctor, I pursued medicine." He developed an interest in becoming a physician and specialised in paediatric gastroenterology. He has worked in some of the most prestigious institutions like Great Ormond Street Children's Hospital and King's College Hospital in London, gaining a wealth of experience in tertiary care management in an advanced country.

Today, Rainbow is a leading multi-specialty paediatrics and obstetrics and gynaecology hospital chain in India. It operates 14 hospitals and three clinics in six cities, with 1,500 beds, as on 30 September, 2021. As per a recent CRISIL report, RCH has the most beds compared to other players in maternity and paediatric healthcare, as on March 2021.

Creating and maintaining a child-centric atmosphere in its hospitals is one of the biggest differentiators and a key factor of success for RCH. "Our hospitals are vibrant and visually appealing, with bright and congenial interior decorations. Each hospital has

Good show

Rainbow's Key performance indicators show a stand out improvement over the years

	FY2019	FY2020	FY21	H1FY22
Bed capacity	1162	1296	1475	1500
Operational beds	931	1001	1132	1150
Occupancy rate (%)	54.13	56.27	34.23	43.42
Inpatient volume	53,422	66,871	51,165	31,484
Outpatient volume	787,345	941,049	624,111	385,649
Number of full-time doctors	498	596	593	602
Number of nurses	1,401	1485	1169	1370
Basic EPS(Rs)	4.83	5.98	4.36	8.78
RoE (%)	11.98	13.52	8.82	15.56
RoCE (%)	11.68	16.32	10.48	14.89

RoE is return on equity, ROCE is return on capital employed; Source: CRISIL report

a designated child play area, and other entertainment in patient rooms which comforts children who are recovering from their illness," says Kancharla adding, "a children's hospital requires focus on psychological and emotional care, which is different from adult hospitals, and we keep this understanding at the forefront while treating children".

At the same time, Rainbow has managed a doctor-engagement model across its hospitals, which has led to a high degree of full-time-doctor retention (81 per cent for April 2019 to March 2021). Doctors of Rainbow are full-timers; they do not practise anywhere outside the hospital. They are also committed to onsite, overnight cover, thereby providing consistent quality of care for all patients. This is particularly important for children's emergency, neonatal and paediatric intensive-care. As of September 2021, Rainbow had 602 full-time and 1,686 part-time/visiting doctors.

"We believe that our full-time-doctor model with a focus on teamwork and a strong middle-grade doctor pool ensures seamless healthcare delivery across all our hospitals, resulting in a high degree of patient satisfaction. A number of our doctors in neonatal, paediatric intensive-care, paediatric subspecialties, obstetrics and gynaecology are trained in or possess qualifications from the UK or US, Canada and Australia, which provides us with a competitive advantage," says Kancharla.

Rainbow enters into retainer contracts with newly-hired doctors covering a three-year period, providing them stability and a desirable workplace. It has the proven ability to attract, train and retain high-calibre medical professionals. It has a track record of growth, and operational and financial performance. An experienced senior management team comes with board-level backing, with institutional shareholder support.

Hub-and-spoke

Today Rainbow is considered a comprehensive perinatal care provider, with synergies between paediatrics, obstetrics and gynaecology. Rainbow follows the hub-and-spoke model, ensuring better care and access for patients. "At our hub hospital, we provide comprehensive in-patient care focusing on tertiary and specialty care; at our spokes, we provide secondary care in paediatrics, obstetrics gynaecology, and emergency services. This model has strengthened our market position in and around Hyderabad through referrals for tertiary and quaternary care to our hub, arising from the spoke hospitals," says Kancharla.

"We have approached our network expansion with financial prudence and been disciplined in financial decisions regarding capital investments. Our ability to keep capital expenditure at economical levels has been an important factor in driving profitable growth in prior periods," continues Kancharla who realised the benefits of backward integration of perinatal services when Rainbow started providing obstetrics and perinatal care for high-risk pregnancies in 2007.

"Over time, we built credibility in treating and saving neonates and children, and have become a dependable referral centre for paediatricians. We established robust patient retrieval services in and around Hyderabad for neonates and children from nearby districts to our hub hospital in Hyderabad. We believe our successful delivery of comprehensive paediatric and obstetrics services established us as a trusted and reliable name in perinatal care," says Kancharla.

Rainbow increased its bed capacity from 1,162 beds in FY19 to 1,500 beds as on 30 September, 2021. A CRISIL report says: "Rainbow had the highest number of beds amongst comparable players in the maternity and paediatric healthcare delivery sector as of March 2021. Occupancy rate has steadily increased from 34 per cent as on March 2021 to 43 per cent as on September 2021. Revenues from operations increased from ₹542.8 crore in FY19 to ₹650.1 crore in FY21. Profits stood at ₹44.5 crore in FY19 and came down in to ₹39.5 crore for FY21. In terms of operating profit Rainbow ranks first among its peers considered in the CRISIL report, followed by Surya Hospitals and Kids Clinic. Further, the profit after tax margin is 7.7 per cent and 12.4 per cent for Rainbow and Surya, while for the majority of its peers, the PAT margin is negative, as per the CRISIL report. As of the financial year 2020, Rainbow Hospitals has the highest RoCE (29.8 per cent) among its peers (considered by the report), followed by Surya at 24.8 per cent. The rest of the peers compared have either negative or a low RoCE.

In operational parameters, Rainbow Children's Medicare scores high among comparable peers and has the most (1,475) beds (311 NICU, 162 PICU) at 14 hospitals and three clinics in Hyderabad, Bengaluru, New Delhi, Vijayawada, Vishakhapatnam and Chennai. Of the peers considered, Rainbow Hospitals and Apollo Health & Lifestyle in FY20 have the highest OPBDIT-to-bed ratio.

According to CRISIL, compared to major listed hospital chains, Rainbow Children's Medicare had a high average revenue per operating bed of ₹40,900 a day and was in the Top-4 quadrant compared to ₹40,200 for Apollo Hospitals, ₹43,300 for Fortis Healthcare and ₹50,100 for Max Healthcare. In operating income, Rainbow posted a 9.4 per cent CAGR over FY19-FY21 and was in the Top-2 quadrant compared to 10.6 per cent for Krishna Institute of Medical Sciences, the only two in double-digits.

Rainbow is planning an expansion of its network of hospitals. The firm is

High up

Rainbow's scores high in operational parameters way better than most peers in FY21

	No of Hospitals	No of beds	ARPOB (₹ '000 per day)	ALOS
Rainbow Children's Medicare	14	1475	40.9	2.6
Apollo Hospital Enterprise	71	10209	40.2	4.2
Fortis Healthcare	26	5310	43.3	3.6
Max Healthcare Group	16	3400	50.1	5.2
Narayana Hrudalaya	21	6725	28.5	4.6
Krishna Institute of Medical Sciences	9	3064	20.6	5.5
Shalby	11	2012	27.4	3.2
Healthcare Global Enterprises*	22	2036	32.6	2.3

ARPOB is average revenue per occupied bed ALOS is average length of stay

*Q1FY22; Source: Company reports, CRISIL Research

NICU: a high degree of patient satisfaction

State-of-the-art operation theatre

making an offer of ₹280 crore through an initial public offering, of which ₹170 crore will be towards capital expenditure, setting up new hospitals and the purchase of medical equipment. Besides, it will also redeem non-convertible debentures worth ₹40 crore as part of the offer.

Rainbow's specialty-mix focuses more on paediatric care in niche areas (neurology, nephrology, gastroenterology, oncology and cardiology). Rainbow Children's Hospital & Birthright, the Banjara Hills, Hyderabad, facility offers a wide range of neurological services (child epilepsy, autism disorders, vascular neurology and intellectual disabilities).

The US model

The healthcare model in the US for children is a benchmark for medical care globally. The US has more than 250 children hospitals accounting for nearly 95 per cent of tertiary care with respect to children. These hospitals also incorporate women care into their specialties given instances such as high-risk pregnancies which make the need for integrated mother- and child-care imperative. The business model of RCH corresponds to dedicated child-care similar to children's hospitals in the US.

Kancharla and his team are looking to strengthen tertiary and quaternary paediatrics across the hospital network. Rainbow Children's Heart Institute is a 110-bed standalone paediatric-cardiac centre that treats children's cardiac problems. They plan to develop similar capabilities in Bengaluru, Chennai and New Delhi. The group also plans to invest in specialised medical infrastructure (cathlabs, paediatric cardiac OT and echocardiogram machines), enhancing capabilities in treating cardiac patients.

Besides, Rainbow regularly conducts neonatal and advanced paediatric education (NAPE) sessions at tier-2 cities and districts, where it discusses current trends and new treatments in paediatrics. This has deepened relations with paediatricians in those areas, leading to referrals for tertiary and quaternary care.

Rainbow intends to increase the scope of the NAPE program across all networked hospitals, for further referrals. Doctors from Rainbow Children's Hospital regularly conduct outreach clinics, improving accessibility of quality multi-specialty care across various regions.

It further looks to grow its comprehensive perinatal services offered under 'Birthright by Rainbow'. The group plans to offer services including assessment of foetal well-being to guide district patients by partnering with their obstetricians. Rainbow also seeks to further strengthen connections with patients by forming pregnancy-support groups and developing an interactive Birthright mobile application.

Rainbow aspires to grow through its hub-and-spoke networks in key geographic clusters and new locations. It is implementing a similar hub-and-spoke model in Bengaluru through its hospitals at Marathalli, Bannerghatta Road and Hebbal. Plans are afoot for an expansion in the network of spokes in and around Bengaluru. This model will be replicated in Chennai and New Delhi-NCR, where it has hub hospitals.

Digital moves

"Ahead, we may seek to expand our hospital network through acquiring brownfield assets or developing greenfield assets, depending on hospital location and timelines to complete projects," says Kancharla who intends to utilise digital initiatives to address patient convenience and drive operational efficiencies, and expand its reach.

Rainbow's digital strategy is focused on enabling the group to provide customised healthcare services for its target customers as well as digitise processes to significantly improve the in-hospital customer experience. "Our 'Rainbow Children's Hospital' mobile application is one of the core aspects of our digital strategy. The application enables patients to book appointments, make payments, order drugs for home delivery, download investigation reports and receive alerts on essential services. We are in the process of implementing an AI-enabled content management engine to support the application, which will be able to process large amounts of patient data to provide us with insight into patient needs," says Kancharla.

With all this innovation and the increasing need for healthcare and better paediatric services, Rainbow is on the cusp of scaling new horizons. ◆

LANCELOT JOSEPH
lancelot.joseph@businessindiagroup.com

Growth through e-pill

Pharmacy retail chain Nobel Plus enters the e-commerce business

In the last two years, managing Covid has been a tough task. "While there is a general belief among people that, during Covid, pharmacies have made a lot of money, very few knew that overnight about 50 per cent of our staff had left for their villages," explains Mihir Kapadia, 48, founder, Noble Plus Medi-Chem, who has recently flagged off his e-commerce business. "Also, some were falling sick and could not travel from far-off locations, where they lived. In such times, there was a need to arrange transportation for them from far-off places and also arrange their meals. Their safety was our priority, ensured by sanitisation, immunity boosters and protective gear".

In 2002, Kapadia got into real estate business, buying properties for his pharmaceutical outlets. Today, Noble Plus, with 890 employees, has both owned and rented stores. Out of its 42 outlets, nine are owned-stores – located around Mumbai and Pune.

He does not believe in giving out franchisees just to grow the tally of stores, as many others do. "We do not give franchises because people come to Noble Plus with confidence and they know what they will get is genuine and authentic. Customers believe that Noble Plus will store the medicines properly and ensure that they are in safe hands.

The founder's vision encompasses building the Nobel Plus chain through owned and rented stores, consistently in a sustained manner. The stores have a robust infrastructure, with a product mix that includes 40 per cent non-pharma material. The average size of the stores varies from 500 sq ft to 1,500 sq ft. The range of products encompasses a wide spectrum of nutraceuticals, naturals, health foods, supplements, pet care, body care, *et al*. "The prime focus is on all categories of skincare, dermo-cosmetics, natural and alternative skin and body care."

"We deal in brands of supplements, vitamins, nutraceuticals and others," adds Kapadia, boasting that his warehouse has more than 20,000 sq ft space, and stretches out to their distribution centres and finally to their stores. "It is their centralised space, from where all their purchases for all stores are made, including pharma and non-pharma products, as there is no purchase taking place from any direct supplier. And, the warehouse meets stringent FDI norms."

Kapadia: maximising returns

Customer engagement

Interestingly, many brands have used Noble Plus stores to launch their brands in the Indian market. "We actually got GNC Nutrition, US, to Mumbai and also had an exclusive deal with it for a year," says Kapadia. "The first brand it launched was Vichy, a L'Oréal product".

Meanwhile, Noble Plus has undertaken many activities to enhance customer engagement over the years. The company also had a tie-up with Metropolis, where it used to have a collection centre at its stores; now, it has a similar tie-up with SRL, where it offers benefits to its customers. If the customers are registered with Noble Plus, they get a price benefit on SRL test charges for home collection. Noble Plus has tie-ups with Indian Oil and Bharat Petroleum too, where they operate their pharmacies from their outlets – like in the case with ONGC (shared along with Apollo), Noble Plus supports over 6,000 employees of ONGC throughout the country. The arrangement is such that, across all the locations, wherever they stay, the ONGC staff can come and purchase the medicines prescribed by ONGC doctors through any of the Noble Plus outlets. ONGC business was worth about ₹100 crore, spread over three years.

Besides adding new stores, Noble Plus has also started e-commerce. Its e-commerce portal is an interactive website, where one can even post his concerns – telling them about the issue. "E-commerce will help us in reaching smaller cities as well. Unlike typical e-commerce ventures focussing on cash-burn strategy, we want to maximise our return on investment in a planned, systematic, and organic way supported by proper marketing," says Kapadia.

In the last five years, with the brick-and-mortar format Noble Plus has grown at 20 per cent per annum to touch ₹180 crore (March 2022) and is on a growth path eyeing a turnover of ₹500 crore in the next five years, adding more stores to the current tally of 40 stores – increasing the tally to 100 stores in the next five years. ◆

LANCELOT JOSEPH
lancelot.joseph@businessindiagroup.com

ADDED investment opportunity

Abu Dhabi announces 100 per cent ownership of business by non-UAE nationals

In what is expected to be a major draw for Indian investors, The Abu Dhabi Department of Economic Development (ADDED) has announced 100 per cent ownership of business by non-UAE nationals. The initiative includes a list of 1,105 registered commercial and industrial activities, which are open for ownership by natural and legal non-citizens, enabling them to fully or partially own commercial companies to practise these commercial activities in Abu Dhabi, the largest of the seven emirates that comprise the UAE.

The move is part of Abu Dhabi's commitment to enhance the business environment for foreign companies and ensure that they are operating in a welcoming and supportive ecosystem, says Mohamed Ali Al Shorafa, chairman, ADDED. "It builds on a series of substantive business-friendly reforms enacted by Abu Dhabi in recent months that includes citizenship reforms and legislative updates. This is the outcome of the government's constant engagement with the private sector to understand their needs and challenges and reinforces the emirate's strong position as a regional hub for innovation."

Abu Dhabi has now become home to many leading international companies, bringing advanced technology and innovative solutions, adds the chairman. "As the pandemic has brought ICT to the forefront as a critical enabler of business continuity, this boosted the FDI inflow into the technology and knowledge-based sectors. In fact, cumulative FDI in the information and communications technology sector (ICT) increased significantly during the first quarter of 2021, compared to the previous quarter. It is worth noting that Abu Dhabi facilitated a smooth investment journey for global FDIs, especially after allowing 100 per cent foreign ownership across 604 professional services. The FDI is a bright spot for this year, as it has been increasing consistently over the past year and the past couple of quarters. Abu Dhabi's foreign direct investment stock grew significantly in 2020, compared with 2019. It also recorded significant growth in Q1 2021, compared with the corresponding period in 2020. And, we expect it to continue at the same trend as a result of our newly launched initiatives that will help create new investment opportunities across the various sectors."

Al Shorafa: business-friendly reforms

Eye on India

With the close ties that India and the UAE share, it is no surprise that Indian investment is high on the priority list. "India is a large market with an abundance of ambition, creativity and innovation," points out Al Shorafa. "Abu Dhabi wants to partner with Indian companies to support them in taking their businesses to the next level. There are many Indian companies thriving in Abu Dhabi and we expect interest to increase with the move to allow 100 per cent foreign ownership."

The Indian Embassy estimates that investments by Indian companies in the UAE would be in excess of $85 billion. India-UAE trade is $59 billion, making the UAE India's third largest trading partner in 2019-20. The UAE is India's second largest export destination, with nearly $29 billion invested in 2019-20. For the UAE, India was the second largest trading partner in 2019, spending about $41.43 billion in non-oil trade alone.

Setting up a business in Abu Dhabi is easier than ever, with the new 100 per cent foreign ownership, informs the ADDED chairman. "For companies interested in establishing here, make the Abu Dhabi Investment Office (ADIO) your first port of call. ADIO is the central government hub responsible for attracting investment in Abu Dhabi, and it extends support to global investors seeking to grow in the emirate." ◆

SUMAN TARAFDAR

feedback@businessindiagroup.com

Re-engineering ideas

Kanchwalla's Rite KnowledgeLabs focusses on thought leadership content

It's no secret that the world has become increasingly digital over the last decade. Leveraging technology has not only made life convenient, but also created new forms of expression. The pandemic has further accelerated the explosion of digital in our lives, making digital solutions all-pervasive. Consequently, it has reiterated the need to build brands with a digital-first approach, led by content marketing, which is projected to grow by $417.85 billion from 2021 to 2025, increasing at 16 per cent CAGR, as per the latest market report by Technavio.

In the ever-changing landscape of digital and social media, the nature of content has never remained still. "Currently, it's dominated by bite-sized content," says Zahara Kanchwalla, co-founder, Rite KnowledgeLabs, which was founded in 2016. "Be it memes, tweets, reels or micro-tales, it's all about stories being told by the minute, in a minute. While the sugar rush of snackable content gives brands an attention high, it's short-lived without promising retention and recall value. In addition, the temporary win rarely earns a brand any credibility". The company has established itself as one of India's only digital agencies focussing on thought leadership content.

In the wake of Covid-19, brands have realised afresh the importance of and the need for leadership content and purpose-led communication. "Enterprise-led content is a strategic asset to a company's corporate reputation and brand building programme. It sits as an equally important channel, alongside marketing, advertising and influencer programmes," adds Kanchwalla.

"This content not only attracts higher consumer engagement, but also more refined engagement," she adds. "Besides, its credibility helps earn consumer trust. Put together, this converts into higher RoI, as compared to regular advertising-led content or media buying".

Despite belonging to a business family, Kanchwalla did not aspire to be an entrepreneur. She graduated in plastic engineering and also learnt software programming and coding. After that, her career took a detour towards communications, setting the foundation for her future in content.

Currently, it's dominated by bite-sized content

Zahara Kanchwalla
Co-founder, Rite KnowledgeLabs

From coding to content

"While I began my career with coding and e-learning, it eventually panned out in marketing and communications at Tech Mahindra and thereafter as VP, content & publishing, Riteverses," says Kanchwalla. "In these roles, I realised that writing and creating content were an innate part of my life," she recalls.

Kanchwalla spent over a decade in marketing, communication and content leadership roles, before taking the plunge into entrepreneurship. She credits two moments for strengthening her belief in storytelling. First, she started writing content for various clients during the course of welcoming her first child. It drew her attention to the gap in specialised thought leadership content. Secondly, around the same time, her work caught the eye of a batchmate from the Indian School of Business, translating into a strategic digital assignment for the Bengaluru-based Embassy group.

While Rite KnowledgeLabs began as a content provider, today it has evolved into the go-to company for digital thought leadership assets. Its work is found in social media accounts and corporate websites and sustainability and research reports like CSR and cause reports, among others. The company boasts several prestigious brands in its client list, such as Microsoft India, HDFC Bank, General Electric India, NSE, Barclays, DSM, HDFC MF, Symphony Air-Coolers, AM International group of companies and agritech start-ups like agribazaar, to name a few.

Kanchwalla prioritises building a business with empathy and attracting the right talent. With clients already existing in the US, Europe and Asia, the company's plans in the near future include further expanding their global geographies.

"The global market is an important focus for us," says Kanchwalla. "Over the next three years, we aim to double our revenue and productise some of the content offerings for clients". The agency has recorded steady revenue growth for the past four years and has been enjoying a 100 per cent client retention rate since three years. "We have come a long way from the early days of being bootstrapped for capital. I'm proud to say that it's happy clients who have funded our growth," adds Kanchwalla.

In establishing Rite KnowledgeLabs, Kanchwalla has walked a road less travelled. Resonating with the company's name, she has integrated her two vital knowledge areas – the passion for creative content and the ability to engineer strategic business communications – to build Rite KnowledgeLabs. Some key lessons from her father's business experience drive her entrepreneurial spirit – working hard and developing the tenacity and the ability to show up despite a low day. Her Twitter bio describes her as hungry, hopeful and happy – an accurate reflection of a start-up founder. ◆

LANCELOT JOSEPH
lancelot.joseph@businessindiagroup.com

50 and counting

Wyndham Hotels has reached a landmark of 50 hotels in India

Sharma: India brings immense potential

As hospitality models go, franchising is not usually the most popular option. Indeed, none of the largest global hospitality brands – or Indian – follow the model. Except for one notable exception – the New Jersey, US headquartered Wyndham Hotels & Resorts. As the world's largest and most well-known franchise-based hotel brand, Wyndham now has over 9,000 hotels globally. Hugely popular in North America, its presence in India is just about a decade old, and has just reached 50-odd hotels in India.

While the company's flagship brand is Wyndham, it has over 20 brands globally, six of which are present in India. Easily the best known of these in India is the mid-scale brand Ramada, of which there are 28 in the country, apart from eight Ramada Plaza and three Ramada Encore hotels. Also present in India are the luxury end Wyndham (2), Howard Johnson (3) Days (1), Days Hotel (4) and Hawthorn Suites (1). Internationally, the group, which is present in 95 countries, has other well-known brands, such as Travelodge, Wingate, Baymont, Super 8, La Quinta and TRYP among others.

"We now operate 50+ hotels, which is a significant milestone in our continued growth objectives to introduce even more accommodation options across the country," says Nikhil Sharma, regional director, Eurasia, Wyndham Hotels & Resorts. "We are committed to continuing our growth across the sub-Indian continent, hosting a development pipeline of about 30 hotels, with seven expected to open in early 2022. These include destinations such as Gangtok, Siliguri, Jammu-Katra, and Khopoli."

The group has opened a number of hotels during the pandemic, including Wyndham Ahmedabad Shela, Ramada by Wyndham Varanasi, Katesar, Wyndham Chandigarh Mohali, Howard Johnson by Wyndham Udaipur Roop Nagar, Ramada by Wyndham, Jaipur besides Ramada Encore by Wyndham Kathmandu Thamel. It has also announced the signing of Ramada Plaza by Wyndham Navi Mumbai. The group has its largest presence by number of hotels in Rajasthan with nine hotels, while Punjab and Uttar Pradesh have six each.

Despite the huge setback to the Indian hospitality sector during the pandemic, Sharma remains optimistic about the prospects of the sector. "One of the fastest-growing economies globally, India brings immense potential for the hospitality industry," says Sharma. "We look forward to continuing our strong growth trajectory here and in the wider Indian sub-continent, making travel possible for all in a beautiful and diverse region."

Growth during Covid times

"Despite the challenges brought on by Covid-19, Wyndham's strong, stable, asset-light business model showcased that it could deliver results in any environment," argues Sharma. "Throughout these challenging times, our focus at Wyndham has been on the health, safety and well-being of our guests, team members and partners and we remain committed to this as we continue to navigate the new normal."

The new normal includes changes that are here to stay. "The adoption of contactless solutions and digitalisation has been accelerated due to the pandemic," says Sharma. "Since the pandemic, adopting contactless and digital solutions has played a crucial part in supporting our partners with providing guests memorable and safe experiences."

During the early stages of Covid-19, the group introduced Wyndham Easy Book for the SME/MSME – "an initiative put into place to support the return of corporate travel, where we have seen some positive signs of recovery as of

Wyndham, Ahmedabad Shela

Better placed to recover?

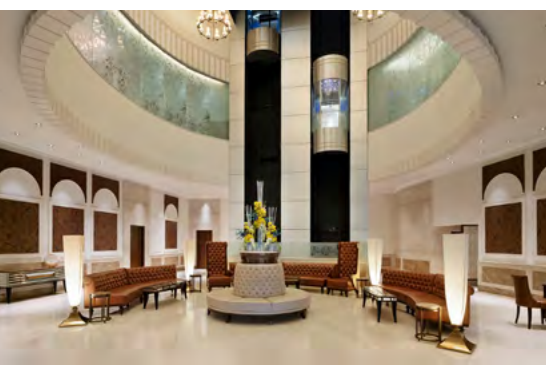
Brands are playing a significant role in rebuilding consumer confidence, observes Nikhil Sharma, regional director, Eurasia, Wyndham Hotels & Resorts. "Being a part of a well-known brand gives hotel partners access to technology, safety, protocols, and distribution channels, which ultimately helps to rebuild guest confidence. Brands deliver more direct bookings through loyalty members, who stay longer and spend more. Brands also generate significant distribution and operating cost savings through lower procurement, technology, and labour costs.

"We have built our portfolio of renowned hotel brands primarily through acquisitions, enabling us to meet travellers' leisure and business travel needs across a wide range of price points, experiences and destinations. We have established an extensive track record of successfully integrating franchise systems and enhancing the performance of brands post-acquisition by leveraging our operating best practices, significant scale, award-winning Wyndham Rewards loyalty programme and access to global distribution networks, producing substantial cost synergies for our franchisees and us. We intend to build upon our past success by opportunistically acquiring and integrating brands into our franchising platform."

late," points out Sharma. "Our hotels based in key leisure destinations saw a large uptick, as well as some positive signs of recovery in more business-focussed destinations such as Mussoorie, Udaipur, Jaipur, Kasauli, and Darjeeling. Weddings also made a return and supported the rise of revenues and occupancies."

Another novel feature was the 'Count on Us' long-term hygiene initiative as part of the group's long-term efforts to build confidence among guests and support its partners. The programme focusses on further enhancing a broad range of health and safety protocols at the hotel-levels such as consistent use of top-of-the-range disinfectants at hotels, introduction of new training and guidelines and ongoing access to critical health essentials through trusted suppliers.

Next, "We created Wyndham Easy Book to support everyday business travellers, targeting small to mid-size businesses," says Sharma. "These travellers get more accessibility and a simplified booking process, along with competitive rates available at many Wyndham hotels around the world. As virtual interactions have become the norm for many during the pandemic, we wanted to bring something different by allowing attendees to join a live event while keeping the engagement high. Our hybrid meeting solution combines live-streaming capabilities with in-person participation to encourage higher attendance and support corporate business recovery."



Ramada Plaza by Wyndham Chennai

The group introduced the Oracle Hospitality Opera Cloud Property Management (PMS), a new mobile-enabled platform that helps hotels enhance guest personalisation, lower cost and improve operational efficiencies. The initiative provides hotels with tools to gain a competitive advantage. It is now available at nearly 100 properties globally. The group expects about 20 per cent of its full-service portfolio to adopt it in the next 12 months, with the majority migrating in the next few years.

Wyndham has also rolled out a new suite of revenue management tools for franchised and managed hotels in EMEA. The new initiative will equip participating hotels with stronger and enhanced visualisation of revenue performance metrics and is part of Wyndham's long-standing partnership with OTA Insight, a leading cloud-based data intelligence platform.

Road ahead

Being the world's largest hotel franchising company, we have continued our asset light strategy and delivered sustained growth, says Sharma. "Focussing investments on improving the engagement and motivation of existing staff and cutting down on unnecessary amenities is a great way to save on costs, without putting the business or the guest experience at risk," adds Sharma. Reviewing systems and operations and implementing technology that improves day-to-day operations or will support cost-saving is important as it helps businesses to be successful in the future. "We have provided recovery guides highlighting best commercial practices for preserving cash flow, marketing tools and resources for navigating through these challenging times."

"Heading into 2022, our focus at Wyndham Hotels & Resorts will continue to be the health, safety and well-being of our guests, team members and partners," stresses Sharma. "I believe domestic travel will maintain its stronghold on the market, as we continue on the road to recovery. Government guidelines and regulations will continue to impact the industry, with agility and adaptability playing a crucial role. As history has shown, the hospitality industry is notoriously resilient, and we feel confident that it will rebound faster than ever." Wyndham, and the rest of Indian hospitality, will be keeping fingers crossed for that. ◆

SUMAN TARAFDAR

feedback@businessindiagroup.com

Targeting the millennials

A B2C company directly caters to the needs of individual customers

Vineet Patawari (37), Vivek Bajaj (42), and Vinay Pagaria (42) are the three founder partners of StockEdge and Elearnmarkets. The company was started by Bajaj to train individual investors on various aspects of finance through their offline centre Kredent Academy in Kolkata. Bajaj is a chartered accountant, company secretary and an MBA from IIM Indore and his family owns a proprietary trading desk in Eastern India. Patawari, also an IIM and a CA shunned campus job offers and started his eLearning venture as an MBA entrance exam preparatory. Pagaria, a CA and a hardcore techie by profession, has had 17 years of experience in software development in the fintech domain.

Their cumulative experiences and expertise in the field of financial markets, learning management systems, visualisation of learning tools and most importantly their passion for spreading financial literacy, makes them the perfect team to take this product global.

Elearnmarkets, founded in 2014, is a financial market training platform and app which has 200-plus market experts who train people on various aspects of stock markets and related aspects such as commodities, currency, mutual funds, etc. The Edtech platform offers more than 100 career-oriented online courses, many of which provide students with a joint certification from renowned industry bodies like NSE Academy, NCDEX and MCX. Their expert-led recorded and live online finance courses are available in English, Hindi, Bengali, Telugu, Marathi and Gujarati. Elearnmarkets has witnessed exponential growth in the user base during the Covid pandemic. The company witnessed a 3x growth in the overall user base.

StockEdge, started in 2016, is an equity markets and mutual fund research platform, primarily based on NSE and BSE data. It helps Indian stock market traders and investors make better decisions by providing them with end-of-day analytics, visualisations and alerts.

Right advice

"Investment in financial assets is complex and confusing. Traditionally there has been a high dependency on financial intermediaries for the right advice. However, wealth creation from financial assets has been limited to only a select population. A very low percentage of India's population is invested in non-banking financial assets. The core reason for such low penetration is lack of trust. This can only be solved with widespread, unbiased knowledge dissemination," says Patawari.

"We are putting the power of right knowledge in the hands of retail investors. Knowledge in the form of access to financial data, unbiased analytics and right leanings in the most effective and affordable manner," observes Bajaj.

"In the last 20 years the financial market has been dominated by financial intermediaries and finance media companies. Financial Intermediaries were enthused with the responsibility of providing complete solutions viz transaction platforms, research services, advisories and training to their clients. Financial media enterprises have been providing all kinds of information, eg news, views, data, etc to society at large," feels Pagaria.

However, as the industry is evolving from the sellers' side to the buyers' side, each component of traditional service is witnessing disruption. For example, transaction service is now being taken over by specialised transaction platforms like discount brokers. "Similar research and knowledge services are getting disintegrated and more and more independent platforms are emerging in this space. 'Less is More' has become the new norm in the information domain," adds Patawari, building a neutral value-added platform incorporating research and knowledge service for investors and new generation advisors.

"This could be compared to other platforms like Bloomberg, Reuters, etc which are largely used by large wholesale enterprises. We are building a similar ecosystem but for retail investors for cost-effective value additions. There

Patawari, Bajaj, Pagaria: we work on a 'freemium' model

are various individual players emerging in this domain. However, we are providing the most integrated solution with regional focus for a better user experience," says Bajaj, building an ecosystem for the benefit of any user who comes to the market at any stage of the life cycle.

The biggest difficulty in building this business was to make retail investors believe that they need proper learning and one should pay for the learning. In India, people were used to losing money through improper advice or tips but were reluctant to pay for quality content. "But now the scenario is changing, and we see more and more millennials are willing to spend money and time for value added services. We work on a freemium model. We offer a lot of free content to users and depending on their usage behaviour, we try to offer premium content to them. There is a variety of premium content, ranging from premium features in our app, research inputs, training modules created by us and training modules curation from experts," says Patawari pointing out that both elearnmarkets.com and StockEdge now have strong premium orientations which is giving their users enough push to subscribe to those outputs.

Empowering retail investors

The initial seed capital for their venture was invested by a financial service firm based out of Kolkata. Later a pre-series A was concluded in 2018 with investments from market stewards like Ramesh Damani, Ajay Sharma and Dinesh Agarwal, owner of indiamart.com. They have together invested close to ₹3.5 crore.

"I have closely watched the journey of StockEdge over one year and its intense focus on innovation has always given me a lot of confidence. Empowering retail investors is the need of the hour and StockEdge has already made its mark in the fintech industry," says Damani.

Agarwal, who is interested in purely technology companies, feels that, "due to Covid there has been a definite shift in online adoption and StockEdge and Elearnmarkets are well-positioned in the online tech sector."

Sharma says: "I have known Team VVV (Vivek, Vinay and Vineet) as I call them for more than 10 years, when StockEdge was in its embryonic stage. I invested with them for two key reasons. First, their strength as individuals; Vivek's passion for financial inclusion and his leadership, Vinay's depth of knowledge in stocks coupled with his amazing coding skills and Vinay's love for education and his command over digital marketing. Secondly, which I think is more important, the trio of VVV working together as a cofounder team. It's difficult to build businesses and there are more valleys of uncertainty than there are mountains of success."

Recently, the company raised a growth capital of ₹10 crore from Kotak Securities. The funding was secured keeping in mind the rising need of financial awareness among first-time investors. The company plans to leverage the funds raised to scale up their e-learning and analytics offerings and upgrade their data and technology. Further to this funding, StockEdge and elearnmarkets.com will look to raise Series A funding within 12-15 months to create a niche ecosystem in the capital markets of India.

Says Jaideep Hansraj, MD & CEO, Kotak Securities: "Fintech start-ups have changed the way retail investors invest and adapt to shifts in the market. KSL is committed to continuously innovate and provide the full bouquet of digital offerings to our customers." Adds Shripal Shah, President at Kotak Securities: "We have seen the potential and partnering with such firms will be part of our core strategy of providing a differentiated experience to our customers. We are seeing that more and more millennials are entering the capital markets and financial education becomes very important to serve them well."

Both elearnmarkets.com and StockEdge are now generating revenue. "Now we would be scaling them in terms of on-boarding more users and improvising the technology. We are also evolving StockEdge as India's first social investing platform with credible financial data and unbiased robo-analytics. This will need significant investment in technology, data and machine learning," adds Patawari.

Talking about their clients, they have a healthy mix of first-time market participants and existing traders. "Freshers are there with us to understand the complexities of financial markets to make a career in it and to understand market data for better decision making for self-trading or to become advisors. The existing traders are there to improve their skill set to analyse market data better, to learn new and advanced strategies for profitable and sustainable trading careers," says Bajaj who sees StockEdge cumulative downloads of over 2.8 million.

"We have a registered user base of around 1.6 million. On a monthly basis we have 5 lakh active users spending an average of 10 minutes each with us. Our monetisation has also started gaining momentum. So far, around 57,000 users have transacted 116,000 times. We have around 1.29 million registered users in Elearnmarkets and total customers who have paid at least 132,000 times for our services will be around 53,000. Our Average Revenue per user is around ₹5,000," sums up the trio whose target is to connect with 10 crore people by 2025. ◆

LANCELOT JOSEPH
lancelot.joseph@businessindiagroup.com

Out of the grove

Gujarat's new IT-ITeS policy can be a game changer

Gujarat has never been at the forefront in IT. While there have been sporadic attempts to incentivise IT and ITeS, somehow it has failed to keep pace with Karnataka and Maharashtra. One reason for this could have been the state's preference to getting high capital-intensive industries. The total IT services exports from Gujarat in 2018-19, at ₹3,000 crore, contributed to just 0.62 per cent of the state's GDP. To put the figure in context, Karnataka's software exports had crossed the ₹2 lakh crore mark – twice the exports from Maharashtra. While the potential for Gujarat is thus huge, it also posed quite a challenge.

One problem faced by Gujarat is the lack of IT-savvy manpower. In the land of enterprise, there are only a small percentage of people working in formal sector. Many are self-employed.

It's in this context that the new five-year, IT-ITeS policy unveiled by Chief Minister Bhupendra Patel at Gandhinagar, on 8 February, is to be seen. Popularly dubbed the Capex-Opex policy, the IT/ITeS (2022-27), the policy aims to establish a robust infrastructure and build an innovative ecosystem by which it can develop the IT talent pool in the state. This it aims to do by lending support for facilitating new investments to come and set up units in Gujarat and also by giving them operational support.

The policy has listed several targets. It aims to generate about 100,000 direct jobs in this sector over the next five years and increase its IT/ITeS exports to ₹25,000 crore in another five years. It also aims to put Gujarat in the forefront of IT by creating world class IT infrastructure, data centres and innovation centres across the state.

The policy is unique, as it links the monetary support for new units or expansion of old ones, classified as mega on the basis of employees and not just capital. It has defined as to what constitutes a data centre, IT park and an IT city township. It has tried to rope in the private sector, by allowing developers or a consortium of developers to create IT cities and townships, which can be spread across a minimum of 10-50 hectares. The capex support for establishing a mega project will be to the tune of ₹200 crore. For normal projects, 25 per cent capex support is envisaged per project, subject to a maximum of ₹50 crore. Similar support will be given for opex too, which includes lease rental, bandwidth cost, cloud rental, patent and power tariff expenditure.

Employment support of up to ₹50,000 per a male and ₹60,000 per a female employee will also be offered. For local employees, a sum of ₹60,000 too will be provided. An artificial intelligence school (AI centre of excellence) will be established in the state as a part of the government's skill enhancement programme. The government also plans to create large-scale information education and communication programmes, starting from school level onwards to enhance awareness about IT.

Murugesh: right direction

Generating over 1 lakh jobs

Business India **spoke to Vijay Nehra, IAS (2001 batch), IT secretary (and an alumnus of IIT B), who had worked in several department of the Gujarat government.**

Has the state earmarked any place for setting IT clusters, with ready to occupy co-workers spaces?
Yes. One of the main centres will be the GIFT City. Within the GIFT City, there will be two areas: the DTA and the IFSC. There are ready to occupy buildings available within the Gift City. Also, there are several other locations in Ahmedabad and Gandhinagar, where they are ready to occupy coworkers' spaces available. Besides, there are land parcels earmarked for bigger investments in Gandhinagar and Ahmedabad, which include duly-notified IT SEZs, as well as IT parks. The idea is to be able to help different investments start their businesses with speed, depending upon their specific requirements.

Are you tying up with NASSCOM or any other IT Associations?
We have been collaborating closely with various IT associations both at the national and the state levels. Department of Science & Technology (DST) of the government of Gujarat is already running a Centre of Excellence (CoE) at IIT, Gandhinagar, in collaboration with NASSCOM.

What is the time frame you have envisaged for generating 100,000 jobs?
We expect to generate more than 100,000 additional jobs in the IT/ITeS sector over the next five years.

Data centres are huge guzzlers of power. Any plan to set them up near your power generating units?
The decision regarding the locations of the data centres will be decided by the private investors, after taking into consideration various relevant factors. Apart from offering Capex support up to ₹150 crore for a data centre, the state government will also be providing a power tariff subsidy of Re1 per unit. Any expenditure towards setting up a captive renewable energy facility also will be eligible towards the Capex support. Therefore, the two incentives combined together will make the operations extremely viable.

What are the incentives you are giving for mega projects?
Mega projects will be available for enhanced support for capital expenditure, as well as operational expenditure. A mega project can get up to ₹200 crore on capex support and another ₹200 crore on opex support – a total of ₹400 crore – as direct fiscal incentive, over the next five years. Apart from that, mega projects will also be entitled to various other incentives for employment generation, EPF assistance, electricity duty, interest subsidy, etc. Over and above these incentives, a mega project will also be assisted in land allotment and getting access to various utilities, as well as for securing regulatory approvals. For every mega project, there will be a dedicated officer appointed to act as a single point of contact (SPoC).

The unique idea of linking incentives to employment has been introduced with a specific view to communicate the policy intent of generating employment. Unlike a typical manufacturing sector project, where the amount of investment is often the prime consideration, in case of IT/ITeS projects, the primary objective is to generate large-scale employment in the services sectors and, thereby, help economic growth as a spin off. ◆

Progressive IT policies

"Gujarat's policy is progressive and ticks many boxes in the right direction," says Keshav Murugesh, Group CEO, WNS Global Services, a leading ITeS company with a turnover of $1 billion. Murugesh, who was the past president of NASSCOM, says, "Personally I have been an advocate of Centre and states collaborating and creating progressive IT policies that are less oriented towards real estate and FSI oriented but focused on choosing a few cities in the state and encouraging creation of an ecosystem that covers, infrastructure, connectivity, creation of schools, colleges, hospitals and entertainment area, good Wi-Fi and power infrastrucuture, training local authorities and police on cyber security and policing. It also provides subsidies for skilling and upskilling and retraining, building out and providing our subsidised office space and accommodation to attract the best talent to that location." Murugesh also feels that through such policies the governemnt can move the business into Tier II and III locations from where a large number of workers actually gravitate to tier 1 cities for jobs. Having been in the industry for a long time he feels that if the government smartly amends labour related laws it will enable part of the 100 million women workforce in India, who have a secondary education degree but want part time employment to participate.

Robinson: global recognition

Soon after the announcement, the government signed an MoU with QX Global, an international ITeS company, to foster a partnership that aims to generate another 2,000 new local jobs, in addition to those already working for the company from Gujarat. "QX has gained international recognition for having a trained workforce of over 2,300, which includes 1,700 already working in Gujarat," says Frank Robinson, group CEO. The unit was established in 2007. ◆

DAKSESH PARIKH
daksesh.parikh@businessindiagroup.com

Perfect tonic

Peer is the latest entrant to the market for tonic water

Anand and Jangwal: seeing huge potential for tonic water

G&Ts are having a bull run globally. While gins undoubtedly are the star of this particular show, the oft overlooked tonic waters are what actually started the show. Yes, tonic water, containing quinine, once a crucial antidote to malaria, was originally used as a prophylactic against the disease. Also, it is one of the discoveries the subcontinent can claim earliest use of, though quinine was probably first used in tropical Amazonian lands.

Of late, the rapid growth of Indian gin brands has seen a parallel move in the growth of tonic water brands. The latest to join the bandwagon is Peer. Desirous of standing out in a crowded space, it claims a differentiated brand positioning – Peer is positioned as a contemporary lifestyle brand as opposed to 'classic', claims the lowest calorie tonic water brand in India, offers Bitter Lemon Tonic Water, a variant that no other Indian-origin tonic water offers and contains 15 per cent more carbonation on average than the competition, which leads to more fizz and effervescence.

Peer, made in Alwar in a USFDA-certified facility in a fully automated filling line, certainly comes in four variants and packaging designed to impress. In its first month since soft launch, the brand sold 6,000 units of its tonic water.

Peer was first available in Delhi NCR, Punjab and Uttarakhand, followed by Mumbai, Pune, Bengaluru and Kolkata and expects to be in Goa and Rajasthan by end of February. It also ships pan India via the company website and online platforms such as Amazon, Flipkart and beverage marketplaces. Peer aims to be in 650 outlets by the end of 2022, growing at 15 per cent month-on-month in sales revenue. It is in conversation with VCs for funding and is looking to raise funds for additional innovative product launches and aggressive market expansion.

The Indian gin market is projected to grow at 9 per cent CAGR between 2017-18 and 2022-23, according to *ResearchAndMarkets*. The Indian mixers category is expected to keep pace, and is currently worth ₹3,500 crore, projected to grow at 9 per cent CAGR to reach ₹7,000 crore by 2030. Schweppes, part of the Coca-Cola group, is the best-known brand in India, though a number of Indian brands have emerged of late, notably Sepoy & Co, Fever Tree, Jade Forest and Svami.

Why tonic water

We have been tracking the recent growth and acceptance of premium gins and tonic, a trend that particularly picked up in the UK from 2016 onwards, says Anant Jangwal, founder & CEO. "However, it was only around 2019 that the premium gin and tonic market saw an uptick in India. Indian consumers were willing to pay a higher premium and want to experiment with a wider variety of gins. Additionally, consumers are now even caring about the tonic that goes with their gin. We worked intensely on finalising the tonic recipes that would appeal to the Indian palate and on creating a contemporary brand positioning. Regular tonic water typically contains as much sugar as soft drinks, which is 8-9 gm per 100 ml. Such a high dosage of sugar is added to mask the bitterness of quinine."

However, Peer wanted to create a tonic that has superior taste but

without the extra sugar and calories, says Lavanya Anand, co-founder & COO. "This is one reason why it took Peer 1.5 years, 20+ blind tasting focus group sessions, and numerous ingredient combinations to perfect the flavour profiles while containing 50 per cent less sugar than other mainstream tonics. Peer has gone a step further and even created a zero sugar and zero-calorie tonic variant for health-conscious consumers."

Adults in metro cities in the age bracket of 30-45 years over-index on gin and tonic consumption, points out Jangwal. "The general feedback for the popularity of gin as a spirit is because of the emergence of various craft premium gin brands now present in the Indian market and the variety of flavours/botanicals possible with gins. There is also a general perception that gins are lower in calories and healthier comparatively."

About 70 per cent of the time when a consumer is having gin, it is with tonic water, explains Jangwal. "Since the market of gin is growing, so is the tonic water market. As consumers' preferences become more evolved, the greater the demand for premium offerings and variety in flavours. With consumers getting access to premium quality gins with exquisite botanicals and unique flavour combinations, they also wanted to move away from the typical overly-sweet tonic water that would overpower their drinks. They wanted tonics that enhance their gins instead, while being low in sugar and calories. Hence, the premium tonic water market emerged. Consumers have also become calorie-conscious and an increasing number of adults prefer tonic water that does not contain artificial preservatives, colours and flavouring."

The response from the customers in premium retail outlets has been tremendous, says Anand. "Our 0 Cal. Tonic is turning out to be the top-selling SKU, followed by Bitter Lemon and Mint Tonic Water. In select modern trade stores we are present in, Peer has already captured a 10 per cent share of the sales value in the premium tonic water category."

As the market for premium tonics and flavoured tonics is increasing, the whole tonic water drinking culture is moving beyond being only paired with gin, points out Jangwal. "With quality tonic waters in the market in exquisite flavours like mint, bitter lemon, tonic water consumption is not only limited to gin drinkers but also people who want to consume it as it is. The findings so far suggest that urban dwellers in the age bracket of 50+ particularly like Bitter Lemon Tonic without mixing any alcohol with it. People find the taste appealing, and like the fact that it is not sweet like conventional lemon-flavored soft drinks."

The brand's tonic flavours are receiving widespread appreciation from top mixologists and food critics, adds Anand. "We estimate that tequila may become a fast-growing category in the near future in India, looking at the growth in the American market. Tonic is now not only paired with gin but also enjoyed with other white spirits like vodka and tequila; so, there is huge potential in this space of beverage mixers." Words to plan business expansion, mixing it up along the way! ◆

SUMAN TARAFDAR
feedback@businessindiagroup.com

THE FOUR VARIANTS

Indian Tonic, the classic original tonic flavour, which is a go-to tonic for most consumers;

Mint Tonic, a refreshing mint-flavoured tonic, which tastes as natural as a mint leaf when added to your gin – mint is one of the most preferred herbs that people use to top their G&Ts to balance the strong botanicals in the gin;

Bitter Lemon Tonic, which has the same exotic lemon taste, sugar, and water, but also carbonation and quinine; and

Calorie Tonic, 0 Calorie and 0 sugar variant of the Indian tonic meets the needs of the health-conscious consumers.

The Indian start-up 'mela'

Is it a trap for retail investors? How many of these start-ups make money beyond what they see in the front end of the business?

The year 2021 will be remembered for a lot of things ranging from the resurgence of the pandemic to the farmers' agitation and the changing political landscape around the world. One more thing that 2021 will be or at least should be remembered for is the start-up 'mela' that went on throughout the year on the Indian stock exchange. Some 10 start-ups rang the bell on the podium of NSE's swanky building in the financial capital of the country. Predominantly, all start-ups that got listed were technology-based ecommerce companies catering to different segments like food, fashion, automobiles, gaming and so on.

While the number of listing itself was astounding, each of these listing had laid some important milestone. Nazara Technologies became the first Indian gaming company to get listed. With major gaming companies with public participation concentrated in the US and Japan, India now has one of its own. The next to list was Zomato. Started as a yellow page for restaurants and now doing a lot more than that. Then came CarTrade, dealing with used cars. Freshworks was then listed on Nasdaq. The biggest cosmetics e-tailer in the country, Nykaa, founded by a woman in her 50s who, on listing, became India's wealthiest self-made women billionaire, followed suit. Towards the end of the year, Policy Bazaar, Paytm and Map My India also went public. Except for CarTrade and Paytm, all other IPOs gave listing gains to its investors, ranging from 20 per cent to 80 per cent.

One thing that makes anybody curious is that start-ups raise capital through private channels. They are boot-strapped, funded by seed capital and angel investors or mammoth private equity funds, when they grow large. Given that start-ups use non-conventional and disruptive business models, it is easier to explain the same and get better valuations from private investors than going to public at large. Hence, private channels have always been preferred. Paytm founder, in response to a question on listing at a discount, said that Paytm has a new business model (it started almost two decades ago) and takes a lot for someone to understand such a business model. If this was the problem, then what triggered these start-ups to line up and list themselves in 2021?

Could be, the enormous amount of retail investors moving to the stock market? In my last column, I spoke about how the retail participation in Indian stock market has grown multifold during the last couple of years of pandemic. Largely, this multifold increase is because of the millennials, who rushed to the market to multiply the excess money they saved. Most of the start-ups that got listed in 2021 are the ones that touch the lives of most of these millennials directly and almost daily. Therefore, one reason these start-ups could have rushed to the market is to tap on these existing investors, who are well acquainted with their business – or, at least, the front end of the business, and are willing to subscribe a familiar name at whatever valuations 'seems' reasonable or projected to be so.

MEHUL JAIN

The author is a Chartered Accountant with a millenial perspective. The views expressed are personal. He can reached on twitter with @mehul_kj or email to mkjain1911@gmail.com

Another factor could be the golden exit opportunity seen by private funds, who have been hand-holding these start-ups, most of which are burning cash with no profits in sight for a foreseeable future. As many of the listings included an offer for sale, the cash flooding of the Indian secondary markets was channelised to the primary markets.

Over 10 Indian tech start-ups will open their stalls and sell shares in the start-up mela of 2022, with some of them having already filed for registration and grab their spots

One more factor that would have led to the listing of these start-ups is the maturity of the Indian stock markets, which is fairly new as compared to many others around the world. Also, start-ups like Zomato could have potentially thought that they have outgrown themselves and, therefore, handing it over (or at least a part of it) to the public would be in their best interest.

Over 10 Indian tech start-ups will open their stalls and sell shares in the start-up mela of 2022, with some of them having already filed for registration and grab their spots. Looking at many of these start-ups bending the rules of valuations in the stock markets makes me wonder whether it is a trap for retail investors, who have little to no understanding of real business and how many of these start-ups make money beyond what they see in the front end of the business? I will deal with this in some of my later columns. ◆

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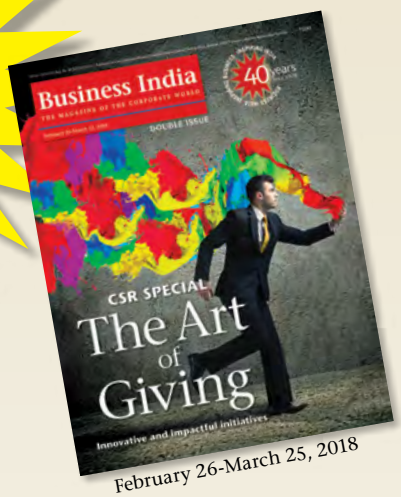

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For further details contact: Naresh Purohit - 9818493714 , email: naresh.purohit@businessindiagroup.com

Too much negativity

Peace talks on Ukraine, LIC IPO and the UP election results will change sentiments.

The current movements in the market can be compared to a rudderless ship in a vast ocean with a non-functioning magnetic compass. FIIs, which had earlier donned the captain's role, have been jettisoning their assets in a big way. From October till 18 February, they have sold nearly ₹1.64 lakh crore's worth. Domestic institutions and mutual funds have, to some extent, neutralised the selling as a result of which the markets are range bound. The Sensex is currently hovering around 58,000 and moving in the current range of 56,000-62,000. There are two ways of looking at it. Seven per cent down from its 52-week high or 32 per cent higher than its 52-week low. Will it go down to 52,000 as some are predicting or will it continue to remain in rangebound territory with no shores, forward or backward, being discernible? In a vast ocean, having traversed so far, shores are not yet visible.

It is not just the India ship which is floundering. Most major markets are awash in red. The MSCI world index has given 7.68 per cent. Only two major markets – those of Brazil and South Africa – have given positive double-digit returns. Thailand, Indonesia and Malaysia are the other markets which have given positive returns. The factors for the change in sentiments are too well known to be repeated here. Fear of a war between Ukraine and Russia expanding to a larger conflict, the US Fed's threat to increase rates and the bigger fear, inflation and the price of crude oil. While normally a little bit of inflation is good for companies as their stocks also benefit from heightened prices, the other view is that in the absence of adequate demand, companies may not be able to pass on the higher input costs. In which case it starts eroding into the company's profit.

International factors

We feel that the negativity building up in the markets is overdone. And the markets may find their bearings sooner than expected. The probability of a full-fledged war seems remote and there are chances that the war will culminate in parleys at the negotiation table between USA, UK and Russia with each party trying to wrest as much advantage as it can. Geo-political problems in other areas, including proxy wars in other regions, may not flare up.

Apart from inflation and crude oil, the rest are international factors. The only significant factor which might have a bearing on the Indian markets are the results of the legislative elections in Uttar Pradesh, which will be out on 10 March. Chances are that the BJP will break the trend of no party being able to win after two consecutive terms. Some expect the BJP to win, albeit with a lower seat tally ranging between 220-240 as against 312 last time; however, there is still too much uncertainty shrouding the results. While the results of a legislative election need not necessarily have a bearing on the Lok Sabha, it is a good barometer for judging the sentiments of the people. The Gujarat elections, scheduled in December, will be seen as a game changer. The BJP has not lost any elections since 1997. If it does emerge triumphant in UP, as it seems it will, the mood in the markets will change swiftly. From despondency to optimism.

Another big factor which can swing sentiments is the LIC IPO which is scheduled to open in March. With the government, banks, MFs and investors all willing to subscribe, getting ₹75,000-85,000 crore for the issue may not be as daunting as it seems. While there may be a short-term pullback of liquidity by investors during the IPO, there will be enough money available as loans for the IPO. On listing the LIC will be the most valuable company in India and once included in global indices, FIIs will subscribe, unwilling to let go of a chance to invest in India's largest company by market cap. While there may not be any appreciable listing gains in the short run, investors would still like to have a portion of the portfolio in India's largest company.

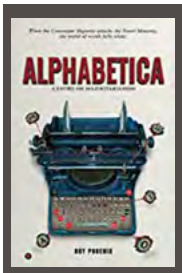
Of course, the biggest factor will be corporate earnings. While the results so far have been good and bettered expectations in many cases, it will be the last quarter of the fiscal year which will really matter. In case inflation does rise, metals and mining companies can be expected to do well, as the cost of mining does not rise immediately with the rise in cost of other industries. The auto sector may take some more time to recover fully but one can expect more rural buying soon. India is one of the largest consumer markets in the world and it cannot ignore the FMCG sector. Investment demand, which is bound to rise given the huge investments being made by the government, should see a good rise in the cement sector.

Finally, if one has to invest in the market, optimism is one of the prime requisites. Strength of conviction has to be present. What matters is not so much the indices movement but one's own portfolio at the end of the quarter. ◆

DAKSESH PARIKH
dakseshparikh@gmail.com

Manufactured divides

A timely comment on the socio-political majoritarianism, satirically couched in alphabets



ALPHABETICA
A satire on majoritarianism

Roy Phoenix

Notion Press; Hardcover

₹549; Pp 209

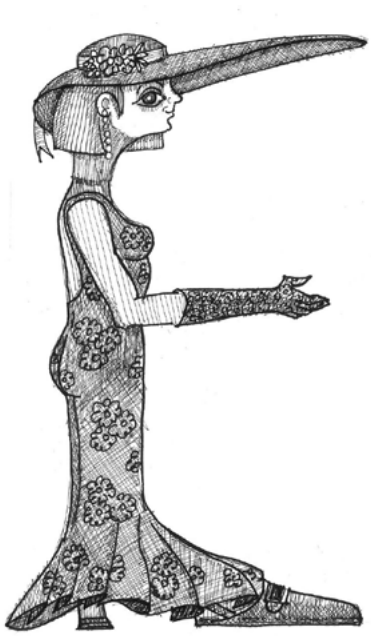
Words can be addictive and Wordle is only the latest proof of it. In advertising veteran Kaushik Roy a.k.a. Roy Phoenix's hands, they also provide an allegorical glimpse into our rather rapid descent into majoritarianism. For anyone who still hasn't been able to comprehend the steps of this descent, hopefully perusing this thought provoking, revealing and yes, scary – yet enjoyable book.

Roy creates Planet Typewriter, a crucial part of which is Alphabetica, the world of letters, where vowels and consonants co-exist, along with others such as 'Puncts and Sighs' – who incidentally run *Italics*, the cool hangout bar for this cohort. While life is initially happy, with everyone co-existing amiably, jealousy rears its ugly head when Ypsi / Y yearns for the article 'an', in vain. Of course, the vowels are fewer in number – a minority, looked another way, yet have a greater share of words and a "disproportionate average word share of 7.6 per cent, when the 21 Consonant Majority have an average of only 3 per cent?" – something that bothers Y, and has a light-bulb-like moment, when she learns that the Phoenician letters had only consonants, and no vowels, which are of Greek extraction.

Thus begins the majority-minority tussle, so impacting multiple societies around the world, including India, of course. A well-entrenched majority, in control of resources and wealth, nevertheless feels threatened by minorities, who must lose whatever power they have, as they are seen as a threat – is the basic plot. One that is unfortunately common amongst the 'earthlings'.

Dominance of the vowels The discontented Y begins asking her 'whys', largely highlighting what she sees are injustices against the consonant majority, launching a devious plan to challenge what she sees as the dominance of the vowels. The rest of the book is a step-by-step guide for would-be dictators. Depressing as it might be, it is as much a tool for those who support liberty and equality (the libtards, of course) – on what the pitfalls are, how fault lines are exploited and how to combat it. Roy brings out in some detail the loss of quality of life of what a dictatorship – even one couched in disguising terms – entails, from a decline in diversity of cultural expressions to a night out with friends. How people are manipulated and their minds poisoned, how friends turn into foes and weapons, such as incarceration, come into play – this can be a depressing read for those whose minds are exercised by concerns of loss of modern values. In response to a speech, Y's consonants, "As expected, half the audience clapped without knowing why, while the rest applauded seeing the others".

There are many nostalgic mentions, such as Underwood and Remington, pleasurable for those fascinated by typewriters. At times you are reminded of George Orwell's *1984* or *Animal Farm*, or *The Little Prince* by Antoine de Saint-Exupéry, which also spoke of the human condition satirically. References to 'single party representative democracy' or 'brown shirts' may scare you more though.

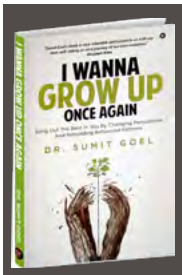


At another level though, the book is a delight for those who enjoy the world of words. From a delightful map of a typewriter doubling as the contents page to the design of all the characters and numbers, they add to the pleasure of perusing the book. Roy has also used the text dexterously, weaving in poetry similar to Sukumar Ray's. A must read for those concerned with the present and future of humankind. ◆

SUMAN TARAFDAR
feedback@businessindiagroup.com

An inward journey

The book tell us about the journey of transformation



I WANNA GROW UP ONCE AGAIN

By: Dr Sumit Goel
Published by: Notion Press

₹282; Pp 320

Available at: Amazon.in, Flipkart, notionpress.com, etc. The ebook can also be downloaded from booktopia.com.

As kids, we had so many ambitions. Practical or impractical did not matter to us. We enjoyed playing those roles thoroughly. We could play out who we desired to be but, as we grew up, did we not feel that if only it were possible, we would like to rewind our life and tell ourselves 'I Wanna Grow Up Once Again'. Dr Sumit Goel, a gold medallist from the University of Mumbai, a doctor-homoeopath, healer, teacher-trainer, motivator, life coach and an author, has written 'I Wanna Grow Up Once Again'.

The book is an inward journey into how we have lived our lives, till now and how we choose to live from now; it is about the journey of transformation. Anupam Kher, internationally acclaimed actor and Padma Bhushan awardee, has penned the introduction for the book.

Speaking on the launch of his book, Goel, said: "As we grow up, we try to understand life, ourselves and the world around us. We start to live with certain perceptions about ourselves. Our perceptions lead to our patterns of behaviour. These patterns become repetitive and something that we find difficult to break. And so, we follow the same routine life day after day. We find ourselves caught in loops in life. Stories are different, situations are different, but our patterns remain the same. And a time comes in all our lives, when we tell ourselves – I wanna grow up once again. We have selectively used simple language so that the reader can connect and can implement the book in their life."

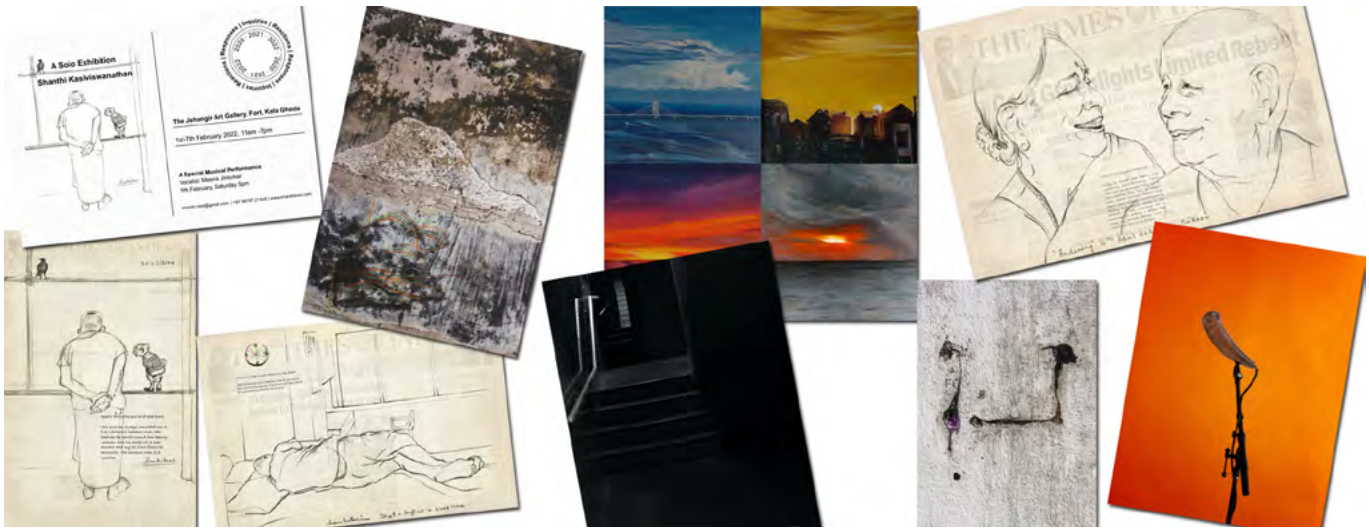
He further adds: "I always wanted to pen down experiences in a subtle, relatable way to connect with each of my readers. The book is my experiences gathered over life from people, from self-experience, from students, from patients. This book is intended for teens and young adults, who are at the opportune moment of living life and 'growing up' to be what they choose to be."

Goel has experience of more than 25 years, and his acquaintances would first approach him concerning any guidance. He amalgamates the latest approaches in health management and life transformation technology to achieve the highest ideal of healthy living. He has a keen interest in 'crisis management' and hence hearing out people's grievances and giving honest and practical advice is how he likes to spend most of his time. He greets them and their troubles with a beaming smile and wise words from his vast pool of knowledge. Having penned many medical books, he has been awarded the title of best author in the field of medical literature. ◆

SHERLYN PEREIRA
feedback@businessindiagroup.com

TAKING WHAT IS GIVEN TO CONTRIBUTE!

Responses, reactions, inquiries



Shanthi Kasi has lived and travelled in many places across India, as well as parts of West Africa, the US, and Australia. She seems to have an expansive, inclusive outlook which sees the whole world. Not just local events, joys or pressures, not just 'my home and doorstep'. However, in this pandemic, she did turn her words and thoughts homewards to daily incidents, to deeds which must be done and to whatever keeps us nourished. This exhibition, her second solo, shows work created during the pandemic. Shanthi's work with photos, paint and pencil shows life during Covid, some eroded walls, and her sculptures depicting rape and violence, seek to amplify the voices of the violated as public narrative is usually governed by patriarchy.

She says: "The last two years have brought about a significant shift in my personal and professional life. Being homebound for the most part, my medium of expression shifted from photography to drawing and painting. I rediscovered the joy of drawing and painting after a four-year hiatus.

"It was also a period of adaptation and accepting the 'new normal'. The fragility of life made living surreal. Although technology brought the world to my doorstep, the absence of physical interactions created a sense of alienation and disassociation. The nature and quality of relationships changed. Under the shadow of disease and death, some bonds were strengthened and others broke down completely." She created from what had made us cry as the world sought to escape the shackles of Covid, its relatives, its experts and opponents. This exhibition expresses 'You' publicly with a few strokes, the silent endless tragedy, the smudged skies turning blue, the empty world outside, and so she created and told the truth anew when it had already been shouted on TV and papers everywhere.

A skilful record One can describe Covid scientifically or see its story in the art it inspired. Chaos and worry gave birth to clean skies, the sound of birds and also that of mourning. Art made this bearable and helped us cope. Shanthi makes us see and remember, remember when …. Her sketches are a skilful record of this time: they show her parents at home, the fine, delicate tapestry of everyday life, needs which must still be met, gentle intimacy and quiet affection while outside a strange new disease raged, catching whoever arbitrarily. Outside people muttered about wars, they looked at each other with suspicion and scurried by too quickly.

Worldwide many, often deprived of work, everyday pleasure and each other while facing silent eerie roads where children had disappeared, shut shops, turned inwards seeking to protect the self and sometimes just to survive, not knowing the future. She says: "People gravitated to nurturing activities like gardening and cooking. The emphasis was on wellness and mental health. Rejuvenation of nature was another significant outcome of the pandemic. All of this underscored what really matters in life." We all learned that the small details of life matter: the streets we walk on without noticing much, shops we pass daily and never visit, the quiet people who care for us and our needs, the dreadful news to cluck over, the daily hope for a better tomorrow, we all learned that without each other, friends, neighbours and yes, even worthwhile enemies, life is less!

Adding sadness, the galleries were shut: for no reason since so much else was open. Artists had paid for days, just a few days, and those too were gone. Losses after years of preparation! Artists must have sales, they need visitors to ponder and validate their depictions, perhaps to not understand but to be startled, to think again. Best of all, art pushes us, sometimes wailing and stubborn, to other points of view. ◆

SWAPNA VORA
feedback@businessindiagroup.com

A healthy collaboration

Indian Institute of Science (IISc) is setting up the 'future of clinical research and innovation' in the form of a not-for-profit 800-bed multi-speciality hospital and a medical school on its campus, thanks to the single-largest private donation of ₹425 crore from the families of Mindtree co-founders **Subroto Bagchi** and **N.S. Parthasarathy**. IISc said that the academic centrepiece of this initiative "will be an integrated dual-degree MD-Ph D programme aimed at creating a new breed of physician-scientists, who will pursue careers in clinical research to develop new treatments and healthcare solutions, driven by a bench-to-bedside philosophy." They will be trained simultaneously in the hospital as well as in the science and engineering laboratories at IISc. Enabling this will be the 800-bed hospital catering to clinical training and research activities of the programme. IISc has inked a partnership agreement with **Susmita** and Subroto Bagchi, and **Radha** and N.S. Parthasarathy. The couples will collectively donate ₹425 crore for the project – the total estimated cost of the hospital and medical school is ₹900 crore – and the hospital will be named 'Bagchi-Parthasarathy Hospital'. "We are grateful for the opportunity to partner with IISc," said Susmita Bagchi, pegging the move to be the 'future of clinical research and innovation'.

"In a country like ours, medical research and delivery cannot be left to the government or the corporate sector alone". Added Radha Parthasarathy: "IISc's larger vision to integrate science, engineering and medicine in one campus is new to India. This is an exciting opportunity to collaborate". ◆

Sky's not the limit

While the world is debating the gradual shift from fossil fuels to electricity to meet its transportation needs, Union Minister Nitin Gadkari has been stressing the need to enhance the production of bio-fuel in the country by using the stubble of certain crops to cut the import of crude oil and fuel gases. The newly-rediscovered inland waterway transport offers scope for the use of methanol as fuel. "Good if it happens," says **Pramod Chaudhari**, founder-chairman, **Praj Industries**, headquartered in Pune. He and his company are, for their part, quietly doing their bit to promote bio-fuel. Chaudhari, with the George Washington Carver Award for his outstanding contribution to bio-technology and agriculture already under his belt, has now become the first Asian recipient of the William C. Holmberg Award for his lifetime achievement in bio-economy. The 'Ethanol Man', who has been involved in the Indian bio-fuels industry since inception, is also credited with the accelerating growth of the bio-fuels movement in Colombia and Thailand. A firm believer in "keeping the farmer at the centre of all bio-tech initiatives as agricultural inputs form the base of biotechnology", Chaudhari himself retains the same grounded reality as when he launched Praj three decades ago. After the latest award, he said: "I am awaiting the emergence of a FlexFuel vehicle policy and production of sustainable aviation fuels." That's happening, too! ◆

Next-gen bank

The Kerala-headquartered **South Indian Bank** has bagged six awards, including 'Best Technology Bank of the Year' at the 17th edition of the annual IBA Banking Technology Awards. The Bank received the awards instituted by the Indian Banks' Association representing 247 banking companies operating in India. This year's IBA Awards celebrating 'Next Gen Banking' has recognised technologies and practices in the banking industry that have demonstrated a high degree of innovation over the past year. South Indian Bank has secured six out of the seven coveted awards in the categories such as: winner, Best Technology Bank of the Year (Small Banks); winner, Best IT Risk Management and Cyber Security Initiatives (Small Banks); winner, Best Fintech Collaboration (Small Banks); joint winner, Best Use of AI/ML and Data Analytics (Small Banks); runner-up, Best Cloud Adoption (Small Banks); and joint runner-up, Best Payments Initiatives (among all private banks). The bank's efforts on the digital and technology front in providing a 'Next Generation Banking' experience to its customers has been recognised with the prestigious award of 'Best Technology Bank of the Year'. "Winning the Best Technology Bank Award is testament to our technological prowess," said **Murali Ramakrishnan**, MD & CEO, South Indian Bank. "And, it will inspire us to continue to invest in technological frameworks. Winning the IBA awards in consecutive years across various categories is an acknowledgement of our constant endeavour to be the true next generation bank." ◆

Star of the east

Calcutta is "not just a city, it is an emotion", says **Joydip Sur**, editor of a newly-launched magazine, **Calcutta Chronicle**. "The unending charm and eternal romance of Calcutta flows through the blood streams of anyone who was born here or has ever lived in the City of Joy," he adds. "While, today, many of us might be living in different corners of the globe, we carry in our hearts the fragrance of Calcutta, no matter where we go." The monthly digital English magazine, which debuted in January 2022, is what he calls "a labour of love of a team, who takes immense pride in everything that Calcutta stands for and loves the city to bits." With the content curated keeping the quintessential Calcutta flavour intact, it is bound to

leave a lasting impression on the minds of the readers, Sur feels. The magazine's columnists have obviously poured their heart out on the pages of the first edition, with the lead article detailing the beauties of the iconic Victoria Memorial and the Howrah bridge. The name obviously plays on the nostalgia of everyone who knows the city as it always has been, not as the new Kolkata. Aimed primarily at overseas readers, it aims to quench the thirst of true-blue Calcuttans living outside. "After all, you can take a Calcuttan out of Calcutta, but you can never take Calcutta out of a Calcuttan!" Sur exclaims.

Nine is fine!

The number 9 is revered in most cultures around the world, **Bhagyashree Patwardhan** points out. Since ancient times, it has been said to be the number of perfection, leadership and wisdom. As the highest digit, it symbolises culminations and new beginnings and is said to be associated with forgiveness, compassion and success. "For me," says Patwardhan, founder, **Paper Boat Collective**, Goa's concept lifestyle boutique. "It is a milestone and a marker of nine years of achievement since I set it up."

The culmination of a 15-year design and decor journey that started at the National Institute of Design, Ahmedabad, the boutique is "a dream built to showcase the work of Indian designers bound by the philosophy of creating exclusive handcrafted products," she adds. The variety of clothes, jewellery and self-care products for women, men and children, as well as for the home, are intrinsically Indian in their expression, organic in nature and have a stylish, simple presence. Patwardhan, who now leads an almost-all-woman team, is excited. "When I came to Goa in 2013, I knew just five people here," she says. "I wondered who would come to my store." But the desire for independence, without having to ask anyone when she wanted to do something, was her driving force for setting up the business that is her passion. "It is exactly what I wanted," she says. "Here's raising a toast to the next NINE!"

"Punjab needs a leader who is accessible"

The assembly election in Punjab this time witnessed a multi-cornered contest time, with Congress, Aam Aadmi Party, Shiromani Akali Dal-Bahujan Samaj Party alliance, and the coalition of BJP-Punjab Lok Congress party as key players. In the midst of all this, Charanjit Singh Channi, who is the first chief minister of the state from the Dalit community, says he has given his best shot and hopes that his Congress party will be back in power

What kind of a government will you run if you are voted back to power? Will you help out the small business?

We will run a government with policies geared to help small and medium businessmen, traders and farmers, who have been at a receiving end. We have made some promises. We don't believe in making false promises to please people. Our promises are realistic and doable -- free education, free health, one lakh jobs in the first cabinet meeting and upliftment of women and people without houses.

The election has turned into a personal slugfest between you and Arvind Kejriwal. Towards the end of the campaign period, you were attacking only Kejriwal and Bhagwant Mann, the AAP's CM candidate. Was the AAP your main rival?

I am confident about the Congress is getting a two-third majority. I was just trying to caution voters. If instead of Congress, AAP comes to power (in Punjab), there will be no change, as they have political leaders, who got rejected from all sides. They're neither revolutionary nor disciples of Bhagat Singh.

Kejriwal speaks big lies and either flips on his statements or apologises. He levelled serious allegations on Nitin Gadkari and Arun Jaitley in the past but, when they filed defamation suits against him, he apologised. That is his modus operandi: defame and then apologise.

As for Mann, he has been levelling baseless allegations about my assets. He should give his property to me and take mine; then my ₹170 crore, as per his claims, will go to him and he'll realise what I possess.
I am a man of humble background and only have ₹1.16 crore of immovable assets, which is a house in this case. Everyone needs a house to live in. I do not know how Mann claims that I have ₹170 crore assets!

What does Punjab need the most at this juncture?

Punjab needs a good administrator and a leader who is accessible. Amarinder Singh closed shop at 4 pm. Another leader shuts shop at 6 pm. There is a difference between performing on stage and running a state. Mann swore on his mother's name that he would give up liquor. Has he? Amarinder swore by Gutka Sahib that he would change the face of Punjab, but failed.

Many observers believe that the Congress is facing serious anti-incumbency...

It was Amarinder who was the CM for over four years; you have seen Amarinder not me. Please count the works done in 111 days of my rule before the model code of conduct came in.

Electricity and water charges of consumers have been cut. So have petrol (by ₹10/ litre) and diesel (by ₹5/ litre) prices been. We carried out at least 150 notifications of the work done. People know that we can transform Punjab.

I announced free education for all and special scholarships for students of all classes. There will be a scheduled caste scholarship, other backward class scholarship and scholarship for general category students as well. I have promised free health facilities in government hospitals. I could not do much because of limited time at my disposal.

What about the ED raids in connection with sand mining at various places, including your nephew's premises? Are you being targeted?

They (BJP), along with other parties, are targeting me and my family. They want to finish me off politically, as we are returning to power again. The money was recovered from somewhere else. It had nothing to do with me, but my photos were flashed. The AAP put my photos with the seized money. We are filing a defamation case against Kejriwal and we have already sent a legal notice.

Opposition parties have been alleging that illegal sand mining is being done under your patronage?

It is all false propaganda to malign my image. The Opposition is now playing politics on this issue
I have been fighting against illegal sand mining for a long. The sand from the quarries, which was being sold at ₹22 per cu ft, now costs only ₹5.50. I have also announced that, if someone proves that sand is not being sold at this price, they will be given a ₹25,000-reward. ◆

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